

NOTES TO THE ACCOUNTS

賬目附註

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

1. PRINCIPAL ACTIVITIES

China Everbright Limited (the “Company”) is incorporated in Hong Kong with its shares being listed on The Stock Exchange of Hong Kong Limited. The directors of the Company consider China Everbright Holdings Company Limited, a company incorporated in Hong Kong, to be the ultimate holding company of the Company.

The Company is an investment holding company and, through its subsidiaries and associates, is principally engaged in investment holding and provision of financial services.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the accounts are set out below:

(a) Basis of presentation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, properties and investments in securities are stated at fair value.

In the current year, the Company and its subsidiaries (collectively the “Group”) adopted Statement of Standard Accounting Practice (“SSAP”) No. 12 (revised) “Income taxes” issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1st January 2003.

The change to the Group’s accounting policy and the effect of adopting this revised policy is set out in note 2(l).

1. 主要業務

中國光大控股有限公司（「本公司」）是一間在香港註冊成立的公司。本公司之股份於香港聯合交易所有限公司上市。本公司董事認為在香港註冊成立的中國光大集團有限公司為本公司之最終控股公司。

本公司為投資控股公司，並透過其附屬公司及聯營公司，主要經營投資控股及提供金融服務。

2. 主要會計政策

編製此等賬目所採用之主要會計政策列載如下：

(a) 編製基準

本賬目乃按照香港公認會計原則及香港會計師公會頒佈之會計標準編製。賬目並依據歷史成本常規法編製，惟物業及證券投資乃按公平值列賬。

於本年度，本公司及其附屬公司（統稱「集團」）採納了由香港會計師公會頒佈之會計實務準則第12號（經修訂）「所得稅」，並於二零零三年一月一日或以後開始之會計期間生效。

本集團會計政策之變更及採納對集團賬目帶來之影響列載於附註2(l)。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st December.

Subsidiaries are those entities in which the Company, directly or indirectly, controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. 主要會計政策 (續)

(b) 集團會計

(i) 綜合賬目

綜合賬目包括本公司及各附屬公司截至十二月三十一日止之賬目。

附屬公司指本公司直接或間接控制董事會之組成、超過半數投票權或持有過半數發行股本之公司。

在年內購入或售出之附屬公司，其業績由收購生效日起計或計至出售生效日止列入綜合損益表內。

所有集團內公司間之重大交易及結餘已於綜合賬目時對銷。

出售附屬公司之收益或虧損指出售所得之收入與集團應佔該公司資產淨值之差額，連同之前已在儲備記賬之商譽／負商譽，及並未在綜合損益表內支銷或入賬之任何未攤銷商譽或負商譽。

少數股東權益指外界股東在附屬公司之經營業績及淨資產中擁有之權益。

在本公司之資產負債表內，附屬公司之投資以成本值扣除減值虧損撥備入賬。本公司將附屬公司之業績按已收及應收股息入賬。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Group accounting (Continued)

(ii) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the Group's share of the results of jointly controlled entity for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entity and goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

In the Company's balance sheet, the investment in jointly controlled entity is stated at cost less provision for impairment losses. The results of jointly controlled entity are accounted for by the Company on the basis of dividends received and receivable.

2. 主要會計政策 (續)

(b) 集團會計 (續)

(ii) 合營業務

合營業務指集團與其他人士以合約協議方式共同進行經濟活動，該活動受雙方共同控制，任何一方均沒有單方面之控制權。

綜合損益表包括集團應佔共同控制實體本年度業績，而綜合資產負債表則包括集團應佔合營企業之資產淨值及收購產生之商譽／負商譽（扣除累計攤銷）。

在本公司之資產負債表內，共同控制實體之投資以成本值減去減值虧損撥備入賬。本公司將共同控制實體之業績按已收及應收股息入賬。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Group accounting (Continued)

(iii) Associates

An associate is a company, not being a subsidiary or a jointly controlled entity, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of the associates for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associates and goodwill/ negative goodwill (net of accumulated amortisation) on acquisition.

In the Company's balance sheet the investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

2. 主要會計政策 (續)

(b) 集團會計 (續)

(iii) 聯營公司

聯營公司為附屬公司或共同控制實體以外，集團持有其股權作長期投資，並對其管理具有重大影響力之公司。

綜合損益表包括集團應佔聯營公司之本年度業績，而綜合資產負債表則包括集團應佔聯營公司之資產淨值及收購產生之商譽／負商譽（扣除累計攤銷）。

在本公司之資產負債表內，聯營公司之投資以成本值減去減值虧損撥備列賬。本公司將聯營公司之業績按已收及應收股息入賬。

當聯營公司之投資賬面值已全數撇銷，便不再採用權益會計法，除非本集團就該聯營公司提供承擔或有擔保之承擔。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Group accounting (Continued)

(iv) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheet of subsidiaries, jointly controlled entity and associates expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at average rates. Exchange differences are dealt with as a movement in reserves.

(c) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/ joint venture/ associate at the date of acquisition.

Goodwill on acquisitions occurring on or after 1st January 2001 is included in intangible assets and is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised using the straight-line method over its estimated useful life of 10 years.

2. 主要會計政策 (續)

(b) 集團會計 (續)

(iv) 外幣換算

以外幣為本位之交易，均按交易當日之匯率折算。於結算日以外幣顯示之貨幣資產與負債則按結算日之匯率折算。由此產生之匯兌盈虧均計入損益表。

附屬公司、共同控制實體及聯營公司以外幣顯示之資產負債表均按結算日之匯率折算，而損益表則按平均匯率折算。由此產生之匯兌盈虧作為儲備變動入賬。

(c) 無形資產

(i) 商譽

商譽指收購成本超出於收購日集團應佔所收購附屬公司／共同控制實體／聯營公司之淨資產之公平值。

於二零零一年一月一日或以後產生之收購商譽計入無形資產，其賬面值是按成本減累計攤銷額及累計減值損失計算，並於其估計可用之10年期內以直線法攤銷。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) Intangible assets (Continued)

(i) Goodwill (Continued)

Goodwill on acquisitions that occurred prior to 1st January 2001 was eliminated against reserves. Any impairment arising on such goodwill is accounted for in the consolidated profit and loss account.

(ii) Trading rights

The trading rights of The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited are recognised as intangible assets on the balance sheet. The trading rights allocated on 6th March 2000, the effective day of the merger of The Stock Exchange of Hong Kong Limited, Hong Kong Futures Exchange Limited and Hong Kong Securities and Clearing Corporation Limited, were stated at nominal value of HK\$1 each. Trading rights subsequently acquired are stated at amortised cost less any provision for impairment in value, where appropriate. Amortisation is calculated on a straight line basis at an annual rate of 20%.

(iii) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of any intangible asset, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount.

2. 主要會計政策 (續)

(c) 無形資產 (續)

(i) 商譽 (續)

於二零零一年一月一日前產生之收購商譽已於儲備中對銷。若該商譽有耗蝕，所產生之任何減值均記入損益表。

(ii) 交易權

在香港聯合交易所有限公司和香港期貨交易所有限公司的交易權於資產負債表上確認為無形資產。部份交易權分派於二零零零年三月六日，即香港聯合交易所有限公司、香港期貨交易所有限公司和香港交易及結算所有限公司合併之生效日，並以每單位港幣1元的名義價值列賬。以後收購的交易權以成本減累計攤銷額及減值損失撥備（如適用）列賬，並按直線法每年攤銷20%。

(iii) 無形資產耗蝕

如有跡象顯示出現耗蝕，則無形資產之賬面值，包括之前已在儲備記賬之商譽，均需評估及即時撇減至可收回價值。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Fixed assets

(i) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are valued every year by an independent valuer. The valuations are on an open market value basis related to individual properties and values are not separately attributed to land and buildings. The valuations are incorporated in the accounts. Increases in valuation are credited to the asset revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to the profit and loss account. Any subsequent increases are credited to the profit and loss account up to the amount previously debited.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the asset revaluation reserve to the profit and loss account.

2. 主要會計政策 (續)

(d) 固定資產

(i) 投資物業

投資物業乃在土地及房產中所佔之權益，而該等土地及房產之建築工程及發展經已完成，因其具有投資價值而持有，任何租金收入均按公平原則磋商。

投資物業每年皆由獨立估值師每年估值一次。估值是以個別物業之公開市值為計算基準，而土地及房產並不分開估值。估值會計入賬目內。重估之增值撥入資產重估儲備，減值則首先以整個組合為基礎與先前之增值對銷，然後從損益表中扣除。其後任何增值將撥入損益表，惟最高以先前扣減之金額為限。

在出售投資物業時，重估儲備中與先前估值有關之已變現部分，將從資產重估儲備轉撥至損益表。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Fixed assets (Continued)

(ii) Other properties

Other properties are interests in leasehold land and buildings other than investment properties and are valued every year by an independent valuer. The valuations are on an open market basis related to individual properties and values are not separately attributed to land and buildings. Increases in valuation are credited to the asset revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same property and are thereafter debited to the profit and loss account. Any subsequent increases are credited to the profit and loss account up to the amount previously debited.

(iii) Other fixed assets

Other fixed assets, comprising leasehold improvements, furniture, fixtures, equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

2. 主要會計政策 (續)

(d) 固定資產 (續)

(ii) 其他物業

其他物業指除投資物業外，在土地及房產中所佔之權益，並由獨立估值師每年估值一次。估值是以個別物業之公開市值為計算基準，而土地及房產並不分開估值。重估之增值撥入資產重估儲備，減值則首先與同一物業早前之增值對銷，然後在損益表中扣除。其後任何增值將撥入損益表中，惟最高以早前扣減之金額為限。

(iii) 其他固定資產

其他固定資產（即租賃物業裝修、傢俬、裝置、設備及汽車）以成本值減累積折舊及累積減值虧損列賬。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Fixed assets (Continued)

(iv) Depreciation

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

Leasehold land and buildings of other properties is depreciated over the period of the lease while other fixed assets are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold land and buildings	Over the shorter of the term of the lease, or 50 years
Leasehold improvements	20%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their estimated useful lives to the Group.

2. 主要會計政策 (續)

(d) 固定資產 (續)

(iv) 折舊

租約尚餘20年或以下年期之投資物業均按租約尚餘年期折舊。

其他物業之租約土地及房產按租約年期折舊，其他固定資產則以直線法於其估計可用年限內將其成本值減累積減值虧損撇銷。主要之折舊年率如下：

租賃土地及房產	以租約年期或五十年較短者計算
租賃物業裝修	20%
傢具、裝置及設備	20%
汽車	20%

將固定資產回復至正常營運狀況所用之開支，於損益表列賬，而改良固定資產之開支則會資本化，並按其對本集團之估計可使用年期折舊。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

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2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Fixed assets (Continued)

(v) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

(e) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases net of any incentives received from the lessor are charged to the profit and loss account on a straight-line basis over the lease periods.

2. 主要會計政策 (續)

(d) 固定資產 (續)

(v) 減值與出售盈虧

在每年結算日，集團皆透過內部及外界所獲得的資訊，評核固定資產有否耗蝕。如有跡象顯示該等資產出現耗蝕，則估算其可收回價值，及在合適情況下將減值虧損列入損益表以將資產減至其可收回價值。此等減值虧損在損益表入賬，但假若某資產乃按估值列賬，而減值虧損不超過該資產之重估盈餘，此等虧損則當作重估減值。

出售固定資產除投資物業之收益或虧損乃出售所得收入淨額與資產賬面值之差額列入損益表內。任何屬於被出售的資產之重估儲備結餘均轉撥至保留盈利，並列作儲備變動。

(e) 經營租賃

經營租賃是指擁有資產之風險及回報實質上由出租者保留之租賃。租賃款額在扣除自出租者收取之任何獎勵金後，於租賃期內以直線法在損益表中支銷。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Investments in securities

(i) Non-trading securities

Investments which are held for non-trading purpose are stated at fair value at the balance sheet date. Fair value represents the quoted market price for securities that are actively traded in a liquid market. For securities which are not actively traded or are unlisted, fair value is estimated by way of various pricing techniques including discounted cash flow and dividend yield analysis.

Changes in fair value of non-trading securities are recognised in the investment revaluation reserve until the security is sold, or is determined to be impaired, at which time the cumulative gain or loss representing the difference between the net sales proceeds/net recoverable amount and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the profit and loss account.

(ii) Trading securities

Trading securities are carried at fair value. At each balance sheet date, the net unrealised gain or loss arising from the changes in fair value of trading securities are recognised in the profit and loss account as they arise. Gain or loss on disposal of trading securities, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

2. 主要會計政策 (續)

(f) 證券投資

(i) 非交易證券

持作非交易用途之投資按結算日之公平值入賬。對於在市場中活躍交易的證券，公平值為市場報價。對無活躍交易市場或非上市的證券，公平值根據各種定價方法確定，包括貼現法和股息收益分析法。

非交易證券公平價值之變動在投資重估儲備中列賬，直至有關證券售出或確定已耗蝕為止。出售證券之累計收益或虧損代表出售所得款項淨額／可回收淨額與有關證券賬面值之差額，連同轉撥自投資重估儲備之任何盈餘／虧損，在損益表處理。

(ii) 交易證券

交易證券按公平值列賬。在每次結算日，交易證券之公平值變動而引致之未變現盈虧淨額均在損益表記賬。出售交易證券之盈利或虧損指出售所得款項淨額與賬面值之差額，並在產生時於損益表記賬。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments and time deposits with a maturity of three months or less from date of investment and bank overdrafts.

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2. 主要會計政策 (續)

(g) 應收賬款

凡被視為呆賬之應收賬款，均提撥準備。在資產負債表內列賬之應收賬款已扣除有關之準備金。

(h) 現金及現金等價物

現金及現金等價物按成本在資產負債表內列賬。在現金流量表中，現金及現金等價物包括庫存現金、銀行通知存款、現金投資及定期存款由投資日起相等或少於三個月到期的可變現投資及銀行透支。

(i) 撥備

當集團因已發生的事件須承擔現有之法律性或推定性的責任，而解除責任時有可能消耗資源，並在責任金額能夠可靠地作出估算的情況下，需確立撥備。當集團預計撥備款可獲償付，則將償付款確認為一項獨立資產，惟只能在償付款可實質地確定時確認。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Employee benefits

(i) Employee leave entitlements

Employee entitlements to long service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to annual leave, sick leave and maternity leave are recognised when the absences occur.

(ii) Bonus plans

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2. 主要會計政策 (續)

(j) 僱員福利

(i) 僱員應享假期

僱員在長期服務休假之權利在僱員應享有時確認。本集團為截至結算日止僱員已提供之服務而產生之長期服務休假之估計負債作出撥備。

僱員之年假、病假及產假不作確認，直至僱員正式休假為止。

(ii) 獎金計劃

當本集團因為僱員已提供之服務而產生現有法律或推定性責任，而責任金額能可靠估算時，則將獎金計劃之預計成本確認為負債入賬。

獎金計劃之負債預期須在十二個月內償付，並根據在償付時預期會支付之金額計算。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Employee benefits (Continued)

(iii) Pension obligations

The Group offers a mandatory provident fund scheme and defined contribution schemes, the assets of which are held in separate trustee – administered funds. These pension schemes are funded by payments from employees and by the Group.

The Group's contributions to the mandatory provident fund scheme and the defined contribution schemes are expensed as incurred. Contributions to the defined contribution schemes forfeited in respect of those employees who leave the scheme prior to vesting fully in the contributions is recognised as other income in the profit and loss account.

(iv) Share options

The Group operates share option schemes where directors or employees are granted with options to acquire shares of the Company at specified exercised price. No compensation cost is recognised in the profit and loss account.

(k) Trust accounts

Trust accounts maintained by the Group to hold clients' monies are treated as off balance sheet items and disclosed in notes to the accounts.

2. 主要會計政策 (續)

(j) 僱員福利 (續)

(iii) 退休金責任

本集團提供強積金及界定供款計劃，其資產由不同的信託基金管理。退休金計劃由集團與員工共同供款。

本集團向強積金及界定供款計劃作出之供款在發生時作為費用支銷，而員工在全數取得既得之利益前退出界定供款計劃而被沒收之僱主供款則會在損益表內確認為其他收入。

(iv) 認股權

本集團設有數個認股權計劃向董事及僱員授予認股權以讓其以特定行使價購買本公司之股份，補償成本不會在損益表確認。

(k) 信託賬戶

本集團在信託賬戶中保管之客戶款項列作為資產負債表外項目在賬目附註中披露。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior year, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

2. 主要會計政策 (續)

(I) 遞延稅項

遞延稅項採用負債法就資產負債之稅基與它們在賬目之賬面值兩者之短暫時差作全數撥備。遞延稅項採用在結算日前已頒佈或實質頒佈之稅率釐定。

遞延稅項資產乃就有可能將未來應課稅溢利與可動用之短暫時差抵銷而確認。

遞延稅項乃就附屬公司、聯營公司及合營企業之短暫時差而撥備，但假若可控制時差之回撥，並有可能在可預見未來不會回撥則除外。

往年度，遞延稅項乃因應就課稅而計算之盈利與賬目所示之盈利二者間之時差，根據預期於可預見將來支付或可收回之負債及資產而按現行稅率計算。採納經修訂之會計準則第12號（經修訂）構成會計政策之變動並已追溯應用，故比較數字已重列以符合經修訂之政策。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) Deferred taxation (Continued)

As detailed in statement of changes in equity, the new accounting policy resulted in prior year adjustments as at 1st January 2002 and 1st January 2003 (i) with the retained earnings of the Company and its subsidiaries restated by additions of approximately HK\$6,446,000 and HK\$7,299,000 (ii) share of the retained earnings of an associate of addition of approximately HK\$612,000 and reduction of approximately HK\$367,000 respectively, and (iii) share of the investment revaluation reserve of an associate of additions of approximately HK\$583,000 and HK\$657,000 respectively. The share of the associate's prior year adjustments have resulted in an increase of the Group's share of the associate's net assets by approximately HK\$290,000 as at 31st December 2002. The comparative figure in respect of taxation credit for the prior year has also been restated by a decrease of approximately HK\$126,000, representing the net effect of the addition in taxation credit in the Company and its subsidiaries of approximately HK\$853,000 and the increase in share of taxation expense attributable to the associate of approximately HK\$979,000.

The adoption of the new accounting policy does not have material impact on the accounts of the Company.

2. 主要會計政策 (續)

(I) 遞延稅項 (續)

詳述於股東權益變動表內，因經修訂之會計政策帶來以前年度調整，令二零零二年一月一日及二零零三年一月一日(i)公司及其附屬公司之保留盈利需重新列賬而分別增加約港幣6,446,000元及港幣7,299,000元(ii)應佔聯營公司之保留盈利重新列賬而分別增加約港幣612,000元及減少港幣367,000元，(iii)應佔聯營公司之投資重估儲備因重新列賬而分別增加約港幣583,000元及港幣657,000元。於二零零二年十二月三十一日，以前年度調整集團應佔聯營公司增加淨資產約港幣290,000元。去年同期於綜合損益表內比較數據之稅項收益亦同時重新列賬而減少約港幣126,000元，代表本公司及其附屬公司之淨稅項收入增加約港幣853,000元及應佔聯營公司之稅項費用增加約港幣979,000元。

已採納之新會計政策對公司賬目並無重大影響。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(n) Turnover

Turnover represents the aggregate of investment returns from trading securities, interest income, dividend income, rental income, brokerage commission and service income.

2. 主要會計政策 (續)

(m) 或然負債及或然資產

或然負債指因已發生的事件而可能引起之責任，此等責任需就某一宗或多宗事件會否發生才能確認，而本集團並不能完全控制這些未來事件會否實現。或然負債亦可能是因已發生的事件引致之現有責任，但由於可能不需要消耗經濟資源，或責任金額未能可靠地衡量而未有入賬。

或然負債不會被確認，但會在賬目附註中披露。假若消耗資源之可能性改變導致可能出現資源消耗，此等負債將被確立為撥備。

或然資產指因已發生的事件而可能產生之資產，此等資產需就某一宗或多宗事件會否發生才能確認，而本集團並不能完全控制這些未來事件會否實現。

或然資產不會被確認，但會於可能收到經濟效益時在賬目附註中披露。若實質確定有收到經濟效益時，此等效益才被確立為資產。

(n) 營業額

營業額包括累計交易證券之投資回報、利息收入、股息收入、租金收入、經紀佣金及服務收入。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Revenue recognition

Brokerage commission and realised gains and losses from disposal of trading and non-trading securities are recognised in the profit and loss account on a trade date basis when the relevant transactions are executed.

Unrealised gains and losses on trading securities are recognised in the profit and loss account on any change in fair values of trading securities.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

Operating lease rental income is recognised on a straight-line basis.

Service income is recognised when the related service is provided.

(p) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

2. 主要會計政策 (續)

(o) 收益確認

經紀佣金及出售交易證券與非交易證券產生之已實現盈利和虧損，於有關交易執行時，按交易日基準於損益表內確認。

買賣證券產生之未實現盈利和虧損於交易證券之公平值變動時於損益表內確認。

利息收入依據未償還本金額及適用利率按時間比例確認。

股息收入在收取股息之權利確定時確認。

經營租賃之租金收入按直線法確認。

服務收入在提供相關服務時確認。

(p) 借貸成本

凡直接與購置、興建或生產某項資產（該資產必須經過頗長時間籌備以作預定用途或出售）有關之借貸成本，均資本化為資產之部分成本。

所有其他借貸成本均於發生年度內在損益賬支銷。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(q) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of intangible assets except goodwill arising on investments in associates, fixed assets, investments in securities, receivables and operating cash and exclude items such as deferred tax assets, investments in associates and jointly controlled entity. Segment liabilities comprise operating liabilities and exclude items such as provision for taxation and certain corporate borrowings. Capital expenditure comprises additions to intangible assets and fixed assets, including additions resulting from acquisitions through purchases of subsidiaries. In respect of geographical segment reporting, revenues are based on the country in which the operating activities are carried out. Segment assets and capital expenditure are based on where the assets are located.

(r) Off-balance sheet financial instruments

Off-balance sheet financial instruments arise from swaps, options and futures contracts transactions undertaken by the Group in the equity markets for trading purpose.

2. 主要會計政策 (續)

(q) 分項報告

按照本集團之內部財務報告，本集團已決定將業務分項資料作為主要分項報告，而地區分佈資料則作為從屬形式呈列。

未分配成本指集團整體性開支。分項資產主要包括無形資產（除因聯營公司投資產生之商譽）、固定資產、證券之投資、應收款項及經營現金，而不包括例如遞延稅項資產、聯營公司及共同控制實體權益之投資。分項負債指經營負債，而不包括例如稅項準備及若干集團整體性之借款等項目。資本性開支包括購入無形資產及固定資產的費用，當中包括因收購附屬公司而添置之資產。至於地區分項報告，銷售額乃按照營業活動所在的國家計算。分項資產及資本性開支按資產所在地計算。

(r) 資產負債表外之金融工具

資產負債表外之金融工具乃來自本集團為買賣而在股票市場進行之掉期、期權及期貨交易合約。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(r) Off-balance sheet financial instruments
(Continued)

Transactions undertaken for trading purposes are marked to market at fair value. For exchange traded contracts, fair value is based on quoted market prices. For non-exchange traded contracts, fair value is based on dealer quotes, pricing models or quoted prices for instruments with similar characteristics. The gain or loss arising from change in fair value is recognised in the profit and loss account as "Net gain/(loss) from equity derivatives".

Fair value assets/liabilities arising from marking to market trading equity derivatives are included in "Debtors, deposits and prepayments" and "Creditors, deposits received and accrued charges" respectively.

Assets and liabilities arising from derivatives transactions are netted off only when the Group has entered into master netting agreements or other legally enforceable arrangements, which assures beyond doubts, the Group's right to insist on settlement with the same counterparty on a net basis in all situations of default by the other party or parties including insolvency of any parties to the contract.

Derivative transactions are not offset unless the related settlement currencies are the same, or are denominated in freely convertible currencies for which quoted exchange rates are available in an active market.

2. 主要會計政策 (續)

(r) 資產負債表外之金融工具
(續)

用作買賣而進行之交易均以公平價值列賬。交易所掛牌買賣之合約之公平價值按市場報價釐定。非交易所掛牌買賣之合約之公平價值按交易員之報價、定價模型或具相似性質金融工具之報價釐定。因公平價值變動而產生之盈虧列入損益賬內之「交易股票衍生工具之收益／(損失)淨額」。

因按市值列賬之交易股票衍生工具而產生之公平值資產／負債分別列賬於「應收賬款、按金及預付款」及「應付賬款、已收按金及預提費用」。

若集團訂立了淨額結算總協議或其他具有法律約束力之協議，而該等協議能毫無疑問地令集團在其他個別或多個交易對手因任何原因而不能履行付款責任，包括合約內任何一方破產時具有堅持以淨額與同一交易對手進行結算之權力，則衍生交易產生之資產及負債才可以用淨值列賬。

除非結算用之貨幣相同，或屬可於活躍市場取得報價之可自由兌換貨幣，衍生交易才能對銷。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

3. TURNOVER AND OTHER REVENUES

The Company is an investment holding company and, through its subsidiaries and associates, is principally engaged in investment holding and provision of financial services. Turnover and other revenues recognised during the year are as follows:

3. 營業額和其他收入

本公司為投資控股公司，並透過其附屬公司及聯營公司，從事投資控股及提供金融服務。本年度列賬之營業額與其他收益如下：

		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Turnover	營業額		
Net realised gain/(loss) on disposal of trading investments	出售交易投資之實現淨收益／(損失)		
– trading securities	– 交易證券	48,027	(48,981)
– equity derivatives	– 股票衍生工具	6,119	5,271
Net unrealised gain/(loss) on trading investments	交易投資之未實現淨收益／(損失)		
– trading securities	– 交易證券	56,275	(55,023)
– equity derivatives	– 股票衍生工具	4,381	–
Interest income	利息收入		
– bank deposits	– 銀行存款	3,144	10,010
– advances to customers	– 客戶借款	14,116	11,280
– others	– 其他	7,797	3,419
Dividend income	股息收入		
– listed investments	– 上市投資	52,062	8,189
– unlisted investments	– 非上市投資	490	3,658
Gross rental income from investment properties	來自投資物業租金總收入	1,659	1,916
Brokerage commission and service income	經紀佣金與服務收入	112,630	58,601
		306,700	(1,660)
Other revenues	其他收入		
Net gain on disposal of non-trading securities	出售非交易證券之淨收益	70,933	56,933
Recovery of doubtful debts previously written off	回撥以前年度呆賬準備	130	1,046
Gain on disposal of an associate	出售聯營公司權益溢利	–	25,805
Gain on disposal of fixed assets	出售固定資產收益	1,872	–
Compensation from legal claim (note 29(a))	訴訟賠償 (附註29(a))	2,241	–
Exchange gain, net	匯兌收益·淨額	–	6,410
Others	其他	107	1,213
		75,283	91,407
Total revenues	總收入	381,983	89,747

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging the following:

4. 經營盈利／(虧損)

經營盈利／(虧損)已扣除下列項目：

		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Depreciation on owned assets	自置固定資產折舊	4,739	6,523
Loss on disposal of fixed assets	出售固定資產虧損	-	414
Revaluation deficit on fixed assets	重估固定資產減值	4,759	20,545
Amortisation of goodwill	商譽攤銷	13,200	13,200
Amortisation of trading rights	交易權攤銷	250	490
Impairment loss on trading rights	交易權減值虧損	-	960
Operating lease rentals in respect of rented premises	土地及房產經營租賃租金	2,925	4,709
Operating lease rentals in respect of rented equipments	機器設備經營租賃租金	107	161
Auditors' remuneration	核數師酬金	1,160	1,160
Provision and write-off of bad and doubtful debts	呆壞賬準備及撇除	10,363	7,855
Exchange loss, net	匯兌虧損·淨額	20	-
		<u>10,363</u>	<u>7,855</u>

5. FINANCE COSTS

5. 財務費用

		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Interest expenses on bank loans	銀行貸款之利息	1,002	3,919
Interest expenses to ultimate holding company (note 26(a))	最終控股公司貸款利息 (附註26(a))	6,021	9,897
		<u>7,023</u>	<u>13,816</u>

NOTES TO THE ACCOUNTS (Continued)

賬目附註(續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

6. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

Details of directors' emoluments pursuant to Section 161 of the Hong Kong Companies Ordinance are set out below:

6. 董事及最高酬金之五名人員的酬金

(a) 董事酬金

依照香港公司條例第161條之董事酬金詳列如下:

		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Fees for executive directors	執行董事袍金	800	756
Fees for non-executive directors	非執行董事袍金	387	300
Other emoluments for executive directors	執行董事之其他酬金		
– Basic salaries and allowances	– 基本薪金及津貼	4,740	7,398
– Bonus	– 花紅	4,288	1,400
– Benefits in kind (i)	– 實物利益(i)	–	74
		10,215	9,928

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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6. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The emoluments of the directors analysed by the number of directors and emolument ranges were as follows:

Executive directors	執行董事		
- HK\$Nil to HK\$1,000,000	- 港幣零元至港幣1,000,000元	4	7
- HK\$1,500,001 to HK\$2,000,000	- 港幣1,500,001元至港幣2,000,000元	1	1
- HK\$2,000,001 to HK\$2,500,000	- 港幣2,000,001元至港幣2,500,000元	2	1
- HK\$2,500,001 to HK\$3,000,000	- 港幣2,500,001元至港幣3,000,000元	1	-
- HK\$3,000,001 to HK\$3,500,000	- 港幣3,000,001元至港幣3,500,000元	-	1
		<u>8</u>	<u>10</u>
 Non-executive directors	 非執行董事		
- HK\$Nil to HK\$1,000,000	- 港幣零元至港幣1,000,000元	<u>3</u>	<u>2</u>

No directors waived the right to receive emoluments during the year.

The above analysis has taken into account the aggregate benefits realised by the directors on the exercise of share options as disclosed in note 6(b)(i) below.

6. 董事及最高酬金之五名人員的酬金 (續)

(a) 董事酬金 (續)

按董事人數及酬金金額分析之董事酬金詳情如下:

Number of directors			
董事人數			
2003	2002		
二零零三年	二零零二年		
4	7		
1	1		
2	1		
1	-		
-	1		
<u>8</u>	<u>10</u>		
<u>3</u>	<u>2</u>		

於本年度，各董事均無免收酬金。

上述分析也考慮了在以下附註6(b)(i)中提列的董事們行使認股權所實現的利潤合計數。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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6. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

(b) Five highest paid individuals' emoluments

Basic salaries and allowances	基本薪金及津貼	6,381	9,272
Bonus	花紅	6,078	1,500
Benefits in kind (i)	實物利益(i)	-	41
		12,459	10,813

Number of directors	董事人數	3	4
Number of employees	僱員人數	2	1
		5	5

Their emoluments were within the following bands:

HK\$1,500,001 to HK\$2,000,000	港幣1,500,001元至港幣2,000,000元	-	3
HK\$2,000,001 to HK\$2,500,000	港幣2,000,001元至港幣2,500,000元	3	1
HK\$2,500,001 to HK\$3,000,000	港幣2,500,001元至港幣3,000,000元	2	-
HK\$3,000,001 to HK\$3,500,000	港幣3,000,001元至港幣3,500,000元	-	1
		5	5

6. 董事及最高酬金之五名人員的酬金 (續)

(b) 最高酬金之五名人員

2003	2002
二零零三年	二零零二年
HK\$'000	HK\$'000
港幣千元	港幣千元

	6,381	9,272
	6,078	1,500
	-	41
	12,459	10,813

2003	2002
二零零三年	二零零二年

Number of directors	3	4
Number of employees	2	1
	5	5

支付酬金組別如下:

Number of individual
人數

2003	2002
二零零三年	二零零二年

	-	3
	3	1
	2	-
	-	1
	5	5

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

6. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

(b) Five highest paid individuals' emoluments (Continued)

During the year, no emoluments were paid to the five highest paid individuals (including directors and employees) as an inducement to join the Group or as compensation for loss of office.

- (i) *Benefits in kind includes the difference between the market price of the Company's shares and the exercise price of share options granted to the directors or employees at the date of exercise of those options irrespective of whether the resulting shares were sold or retained by the directors. No share options were exercised by directors and employees in 2003. The difference of approximately HK\$74,000 in 2002 does not affect the results of operations of the Group. Refer to note 25 to the accounts for details of options granted and exercised during the year.*

7. STAFF COSTS

Salaries and allowances	薪酬工資及津貼
Staff welfare and insurance	員工福利及保險
Staff training and recruitment	員工培訓及招聘
Pension costs – mandatory provident fund and defined contribution plans	退休成本 – 強積金及界定供款計劃

Staff costs include directors' remuneration (note 6).

6. 董事及最高酬金之五名人員的酬金 (續)

(b) 最高酬金之五名人員 (續)

於本年度，最高酬金的五名人士（包括董事及僱員）所取得的酬金並不包括吸引其加入公司的高薪或對離職損失的賠償。

- (i) 實物利益包括發放給董事或僱員的認股權在發放日行使價和公司股票市價的差額，無論所獲得的股票是已出售還是仍為董事所保留。於二零零三年，董事及僱員未行使任何認股權。於二零零二年，該差額約港幣74,000元不反映在本集團的經營成果中。關於本年度授出及行使認股權的詳情請參見賬目附註25。

7. 員工費用

	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Salaries and allowances	54,697	42,009
Staff welfare and insurance	2,866	2,868
Staff training and recruitment	381	1,112
Pension costs – mandatory provident fund and defined contribution plans	1,030	950
	58,974	46,939

員工費用包括董事酬金 (附註6)。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

8. TAXATION (CHARGE)/CREDIT

In 2003, the Hong Kong Government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation (charged)/credited to the consolidated profit and loss account represents:

8. 稅項(費用)／收益

二零零三年，香港政府將二零零三／二零零四年財政年度的利得稅稅率由16%提高至17.5%。香港利得稅乃按本年度之估計應課稅盈利按17.5%（二零零二年：16%）作稅項準備。海外盈利之稅款，則按照本年度估計應課稅盈利依集團經營業務地區之現行稅率計算。

在綜合損益表之稅項(費用)／收益如下：

		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元 (Restated) (重列)
Company and subsidiaries	公司及附屬公司		
Current taxation	本年準備		
– Hong Kong profits tax	– 香港利得稅	(20,456)	(16)
– Overseas taxation	– 海外稅項	–	(581)
– Write-back of over provision in respect of prior years	– 回撥以前年度多計提的準備數	218	51
Deferred taxation	遞延稅項		
– Deferred taxation relating to the origination and reversal of temporary differences	– 遞延稅項暫時差異的產生及回撥	2,805	853
– Deferred taxation credit resulting from an increase in tax rate	– 遞延稅項稅率增加產生的收益	684	–
		<u>(16,749)</u>	<u>307</u>
Share of taxation attributable to associates	應佔聯營公司之稅項		
– Current taxation	– 本年稅項	(6,944)	(6,862)
– Deferred taxation (charge)/credit	– 遞延稅項(費用)／收益	(73,203)	400,316
		<u>(80,147)</u>	<u>393,454</u>
Taxation (charge)/credit	稅項(費用)／收益	<u>(96,896)</u>	<u>393,761</u>

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

8. TAXATION (CHARGE)/CREDIT (Continued)

The adoption of the newly revised SSAP 12 "Income taxes" resulting in comparative figures in respect of taxation being restated by a net decrease in taxation credit of approximately of HK\$126,000 representing an increase in deferred taxation credit of the Group of approximately HK\$853,000 and share of an associate's increase of deferred tax charge of approximately HK\$979,000.

The taxation on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the taxation rate of the Hong Kong profits tax rate as follows:

8. 稅項(費用)／收益(續)

由於採用香港會計師公會頒佈之經修訂會計實務準則第12號「所得稅」，去年同期於綜合損益表內比較數據之稅項收益亦同時重新列賬而減少港幣淨額126,000元(由於本集團之遞延稅項收益增加約港幣853,000元及應佔聯營公司之稅項費用增加約港幣979,000元)。

本集團除稅前盈利／(虧損)之稅項，與按香港利得稅率計算的理論稅額之差異如下：

		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Profit/(loss) before taxation	除稅前盈利／(虧損)	320,430	(1,387,309)
Calculated at a taxation rate of 17.5% (2002: 16%)	按稅率17.5% (二零零二年: 16%)		
	計算之稅項	56,075	(221,969)
Income not subject to taxation	無須課稅之收入	(39,104)	(24,921)
Expenses not deductible for taxation purposes	不可扣稅之支出	35,619	12,384
Utilisation of previously unrecognised tax losses	使用以前未有確認 之稅損	(760)	(375)
Recognition of previously unrecognised tax losses	確認以前年度未有確認 之稅損	(13,051)	-
Tax effect of tax losses and other deductible temporary differences not recognised	未確認之稅損及其他 未確認之可扣減暫時 差異的稅務影響	6,558	20,878
Increase in opening net deferred tax assets resulting from an increase in tax rate	稅率提高產生之期初 遞延稅項資產淨額 的增加	(684)	-
Effect of different tax rates of overseas subsidiaries and associates	海外附屬公司及 聯營公司稅率差異	52,243	(179,758)
Taxation charge/(credit)	稅項費用／(收益)	96,896	(393,761)

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

9. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The profit/(loss) attributable to shareholders includes a net profit of approximately HK\$34,336,000 (2002: net loss of approximately HK\$51,062,000) which has been dealt with in the accounts of the Company.

10. DIVIDENDS

Dividend declared before the balance sheets date

– Interim dividend, of HK\$0.01
(2002: HK\$Nil) per ordinary share

Dividend proposed after the balance sheets date

– Final dividend, of HK\$0.033
(2002: HK\$Nil) per ordinary share

The directors proposed a final dividend of HK\$0.033 per ordinary share (2002: HK\$Nil per share). The proposed dividends are not reflected as dividends payable in the accounts, but as a separate component of the shareholders' funds for the year ended 31st December 2003.

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share for the year is based on the earnings attributable to shareholders of approximately HK\$223,713,000 (2002, restated: loss attributable to shareholders of approximately HK\$993,548,000) divided by the weighted average number of ordinary shares outstanding during the year of 1,563,350,712 shares (2002: 1,563,259,972 shares).

9. 股東應佔盈利／(虧損)

計入本公司賬目之股東應佔淨盈利約港幣34,336,000元(二零零二年: 淨虧損約港幣51,062,000元)。

10. 股息

2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
-----------------------------------	-----------------------------------

於結算日前公佈股息

– 中期股息:
每股港幣1仙
(二零零二年: 零仙)

15,634

–

於結算日後建議之股息

– 末期股息:
每股港幣3.3仙
(二零零二年: 零仙)

51,591

–

67,225

–

董事們建議派發每股港幣3.3仙末期股息(二零零二年: 零仙)。該等股息在截至二零零三年十二月三十一日止帳目中並不列為應付股息, 而是列為股東資金的其中一個組成部分。

11. 每股盈利／(虧損)

每股基本盈利／(虧損)按股東應佔盈利約港幣223,713,000元(二零零二年重列: 虧損約港幣993,548,000元)及本年內已發行股份之加權平均股數1,563,350,712股(二零零二年: 1,563,259,972股)計算。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

11. EARNINGS/(LOSS) PER SHARE (Continued)

The calculation of diluted earnings/(loss) per share is based on the profit/(loss) for the year attributable to shareholders after adjusting for the number of dilutive potential ordinary shares under the share option schemes.

Diluted earnings per share for the year ended 31st December 2003 is based on the adjusted weighted average number of shares outstanding during the year of 1,565,391,333 shares (2002: 1,563,259,972 shares).

The diluted loss per share for the year ended 31st December 2002 is the same as the basic loss per share, as all potential ordinary shares are anti-dilutive.

Reconciliation of the number of ordinary shares for calculation of basic and diluted earnings/(loss) per share:

11. 每股盈利／(虧損) (續)

每股攤薄盈利／(虧損)按調整後股東應佔淨盈利／(虧損)及經調整行使購股權而產生有潛在攤薄性股份之加權平均股數計算。

截至二零零三年十二月三十一日止年度的每股攤薄盈利，按已發行股份之加權平均數1,565,391,333股(二零零二年：1,563,259,972股)計算。

截至二零零二年十二月三十一日止年度的每股攤薄虧損與每股基本虧損相同，因所有潛在的普通股均具反攤薄影響。

每股基本及攤薄後盈利／(虧損)乃根據下列數據計算：

		2003 二零零三年	2002 二零零二年
Computation of adjusted weighted average number of shares	調整後加權平均股數的計算		
Weighted average number of shares in issue during the year	本年內已發行股份之加權平均股數	1,563,350,712	1,563,259,972
Number of shares that would have been issued if the outstanding share options were exercised during the year	假設年內未行使之認股權被行使而發行之新股份	2,040,621	N/A不適用
Adjusted weighted average number of shares	調整後加權平均股數	<u>1,565,391,333</u>	<u>1,563,259,972</u>

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

12. FIXED ASSETS

12. 固定資產

		Consolidated 綜合				
		Leasehold land and buildings 租賃土地 及房產 HK\$'000 港幣千元	Investment properties 投資物業 HK\$'000 港幣千元	Leasehold improve- ments 租賃物業 裝修 HK\$'000 港幣千元	Furniture, fixtures, equipment and motor vehicles 傢具、裝置、 設備及汽車 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
Cost or valuation	成本或估值					
Beginning of year	年初餘額	55,441	36,975	9,370	35,345	137,131
Additions	添置	16,270	-	368	1,541	18,179
Disposal	出售	(1,910)	(6,600)	-	-	(8,510)
Deficit on revaluation	重估減值	(4,371)	(1,630)	-	-	(6,001)
		<u>65,430</u>	<u>28,745</u>	<u>9,738</u>	<u>36,886</u>	<u>140,799</u>
End of year	年末餘額	<u>65,430</u>	<u>28,745</u>	<u>9,738</u>	<u>36,886</u>	<u>140,799</u>
The analysis of cost or valuation is as follows:	成本或估值分析如下:					
At cost	成本	15,313	-	9,738	36,886	61,937
At professional valuation	專業估值	50,117	28,745	-	-	78,862
		<u>65,430</u>	<u>28,745</u>	<u>9,738</u>	<u>36,886</u>	<u>140,799</u>
Accumulated depreciation and impairment	累積折舊及減值					
Beginning of year	年初餘額	-	-	7,472	28,881	36,353
Charge for the year	本年度計提	1,276	-	877	2,586	4,739
Write-back on disposal	出售時回撥	(34)	-	-	-	(34)
Write-back on revaluation	重估時回撥	(1,242)	-	-	-	(1,242)
		<u>-</u>	<u>-</u>	<u>8,349</u>	<u>31,467</u>	<u>39,816</u>
End of year	年末餘額	<u>-</u>	<u>-</u>	<u>8,349</u>	<u>31,467</u>	<u>39,816</u>
Net book value	賬面淨值					
End of year	年末餘額	<u>65,430</u>	<u>28,745</u>	<u>1,389</u>	<u>5,419</u>	<u>100,983</u>
Beginning of year	年初餘額	<u>55,441</u>	<u>36,975</u>	<u>1,898</u>	<u>6,464</u>	<u>100,778</u>

NOTES TO THE ACCOUNTS (Continued)

賬目附註(續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

12. FIXED ASSETS (Continued)

12. 固定資產(續)

		Company 公司		
		Furniture, fixtures and equipment 傢具、裝置 及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
Cost	成本			
Beginning and end of year	年初及年末餘額	1,843	884	2,727
Accumulated depreciation	累積折舊			
Beginning of year	年初餘額	1,700	838	2,538
Charge for the year	本年度計提	143	46	189
End of year	年末餘額	1,843	884	2,727
Net book value	賬面淨值			
End of year	年末餘額	-	-	-
Beginning of year	年初餘額	143	46	189

NOTES TO THE ACCOUNTS (Continued)

賬目附註(續)

For the year ended 31st December 2003
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12. FIXED ASSETS (Continued)

The analysis of net book value of leasehold land and buildings and investment properties is as follows:

12. 固定資產(續)

租賃土地及房產與投資物業的賬面淨值分析如下:

		Consolidated 綜合			
		Leasehold land and buildings 租賃土地及房產		Investment properties 投資物業	
		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Held in Hong Kong	於香港的土地及房產				
– on long lease (over 50 years)	– 以長期租約持有 (超過五十年)	42,413	46,831	5,586	6,168
– on medium lease (10 to 50 years)	– 以中期租約持有 (十至五十年)	6,780	6,700	16,742	24,390
Held outside Hong Kong	於香港以外的土地及房產				
– on long lease (over 50 years)	– 以長期租約持有 (超過五十年)	16,237	1,910	6,417	6,417
		65,430	55,441	28,745	36,975

The Group's leasehold land and buildings (except as noted in the following paragraph) and investment properties in Hong Kong and Mainland China as at 31st December 2003 were appraised by Messrs. S.H. Ng & Co. Ltd., an independent professional valuer in Hong Kong. The investment properties of the Group in Malaysia as at 31st December 2003 were appraised by Messrs. Colliers, Jordan Lee & Jaafar Sdn. Bhd., independent professional valuers in Malaysia. These properties were appraised on an open market basis and are carried in the balance sheet at market value.

The newly acquired leasehold land and buildings in 2nd half of year 2003 of HK\$15,313,000 (2002: HK\$Nil) were stated at acquisition costs instead of market value as at 31st December 2003 and such properties will be subject to appraisal in 2004. The directors are of the opinion the carrying amount of such properties approximated market value at 31st December 2003.

本集團於香港及中國大陸之租賃土地及房產(除下列所述)與投資物業由香港的獨立專業評估師S.H. Ng & Co. Ltd.按二零零三年十二月三十一日之價值重估;於馬來西亞之投資物業則由馬來西亞的獨立專業評估師Messrs. Colliers, Jordan Lee & Jaafar Sdn. Bhd.按二零零三年十二月三十一日之價值重估。這些物業均以公開市值重估並以市價入賬。

於二零零三年度下半年購入之租賃土地及房產,以成本價港幣15,313,000元(二零零二年:港幣零元)列賬,而非二零零三年十二月三十一日市場價值。董事們認為截至二零零三年十二月三十一日之房產賬面價值與市值相若。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

12. FIXED ASSETS (Continued)

As at year end, had the leasehold land and buildings been carried at cost less accumulated depreciation and impairment losses, their carrying amount would have been approximately HK\$65,430,000 (2002: approximately HK\$55,441,000).

Investment properties of approximately HK\$20,587,000 (2002: approximately HK\$28,939,000) of the Group are rented out under operating leases, of which approximately HK\$5,587,000 (2002: approximately HK\$6,169,000) are rented to an associate and approximately HK\$3,200,000 (2002: approximately HK\$3,700,000) are rented to the ultimate holding company.

13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES

(a) Investments in subsidiaries

Investments, at cost	投資·按成本值:
Unlisted shares	非上市股份
Less: provision for impairment in value	減:投資減值撥備

The directors are of the opinion that the underlying value of the subsidiaries is not less than their carrying value at 31st December 2003.

12. 固定資產 (續)

於年末·財務報告書之租賃土地及房產的價值若按購入成本減累積折舊及累計減值損失列賬·則其賬面值應約港幣65,430,000元(二零零二年:約港幣55,441,000元)。

本集團價值約港幣20,587,000元(二零零二年:約港幣28,939,000元)之投資物業已根據經營租約租出·其中約港幣5,587,000元(二零零二年:約港幣6,169,000元)已出租與一間聯營公司及約港幣3,200,000元(二零零二年:約港幣3,700,000元)已出租與最終控股公司。

13. 附屬公司投資及與附屬公司的往來賬款

(a) 附屬公司投資

2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
1,523,120	1,620,658
(2,000)	(92,412)
1,521,120	1,528,246

董事們認為附屬公司的價值並不低於其二零零三年十二月三十一日的賬面價值。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (Continued)

(a) Investments in subsidiaries (Continued)

As at 31st December 2003, particulars of the principal subsidiaries of the Company are as follows:

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation and kind of legal entity 註冊/經營地點 及法定地位	Class of shares 股份類別	Particulars of issued share capital 已發行 股本面值	Percentage of equity interest held 本公司 所佔資本 權益百分比	Principal activities 主要業務
CEL Venture Capital (Shenzhen) Limited 光大控股創業投資(深圳)有限公司	The PRC, wholly foreign owned enterprise 中國·外資獨資企業	Not applicable 不適用	HK\$50,000,000 港幣50,000,000元	100%	Provision of investment advisory services and investment holding 提供投資顧問服務及投資控股
CEL Management Services Limited 光大控股管理服務有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Provision of management services 提供管理服務
CEL (Secretaries) Limited 光大控股(秘書)有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Provision of secretarial services 提供秘書服務
China Everbright Assets Management Limited 中國光大資產管理有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000,000 港幣1,000,000元	100% #	Investment 投資
China Everbright Capital Limited 中國光大融資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$100,000 港幣100,000元	100% #	Provision of corporate finance and investment advisory services 提供企業融資及投資顧問服務
China Everbright Finance Limited 中國光大財務有限公司	Hong Kong 香港	Ordinary 普通股	HK\$100,000,000 港幣100,000,000元	100% #	Money lending 放款業務

13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) 附屬公司投資 (續)

本公司於二零零三年十二月三十一日擁有下列主要附屬公司：

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (Continued)

13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) Investments in subsidiaries (Continued)

(a) 附屬公司投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation and kind of legal entity 註冊/經營地點 及法定地位	Class of shares 股份類別	Particulars of issued share capital 已發行 股本面值	Percentage of equity interest held 本公司 所佔資本 權益百分比	Principal activities 主要業務
China Everbright Financial Holdings Limited 中國光大金融控股有限公司	Hong Kong 香港	Ordinary 普通股	HK\$100 港幣100元	100% #	Investment holding 投資控股
		Non-voting deferred shares 無投票權遞延股份	HK\$200,000,000 港幣200,000,000元		
China Everbright Financial Investments Limited 中國光大財務投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100% #	Investment 投資
China Everbright Forex Limited 中國光大外匯有限公司	Hong Kong 香港	Ordinary 普通股	HK\$38,000,000 港幣38,000,000元	100% #	Provision of leveraged foreign exchange trading services 提供槓桿式外匯交易 服務
China Everbright Forex & Futures (HK) Limited (previously known as China Everbright Futures Limited) 中國光大外匯、期貨(香港)有限公司(前稱「中國光大期貨有限公司」)	Hong Kong 香港	Ordinary 普通股	HK\$35,000,000 港幣35,000,000元	100% #	Provision of futures brokerage and leveraged foreign exchange trading services 提供期貨經紀及槓桿式 外匯交易服務
China Everbright Insurance Agency Limited 中國光大保險代理有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Provision of insurance agency services 提供保險代理服務
China Everbright Insurance Brokers Limited 中國光大保險顧問有限公司	Hong Kong 香港	Ordinary 普通股	HK\$500,000 港幣500,000元	100%	Provision of insurance brokerage services 提供保險經紀服務
China Everbright Research Limited 中國光大資料研究有限公司	Hong Kong 香港	Ordinary 普通股	HK\$5,500,000 港幣5,500,000元	100% #	Investment research 投資研究

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (Continued)

13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) Investments in subsidiaries (Continued)

(a) 附屬公司投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation and kind of legal entity 註冊/經營地點 及法定地位	Class of shares 股份類別	Particulars of issued share capital 已發行 股本面值	Percentage of equity interest held 本公司 所佔資本 權益百分比	Principal activities 主要業務
China Everbright Securities (HK) Limited 中國光大證券(香港)有限公司	Hong Kong 香港	Ordinary 普通股	HK\$100,000,000 港幣100,000,000元	100% #	Provision of stock brokerage services 提供證券經紀服務
China Everbright Securities (Nominees) Limited 中國光大證券(代理人)有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100% #	Provision of nominee services 提供代理人服務
China Everbright Strategic Holdings Limited	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$2 2美元	100%	Investment 投資
Dial Eight Investments Limited	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$1 1美元	100% #	Investment in telecommunication business 投資電訊業務
Double Fortune Assets Limited 倍富資產有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100% #	Investment 投資
Haiford Company Limited 向豐有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100% #	Property investment 物業投資
Hairich Enterprises Limited	Hong Kong 香港	Ordinary 普通股	HK\$10,000 港幣10,000元	100% #	Property investment 物業投資
IHD (Malaysia) Sdn. Bhd.*	Malaysia 馬來西亞	Ordinary 普通股	M\$25,000 25,000馬元	100%	Investment holding 投資控股
Janco Development Limited 青高發展有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Property investment 物業投資
Land City Company Limited 凌業有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Property investment 物業投資
Mindson Investment Limited*	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$1 1美元	100% #	Investment 投資

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (Continued)

13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) Investments in subsidiaries (Continued)

(a) 附屬公司投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation and kind of legal entity 註冊/經營地點 及法定地位	Class of shares 股份類別	Particulars of issued share capital 已發行 股本面值	Percentage of equity interest held 本公司 所佔資本 權益百分比	Principal activities 主要業務
Mutiplus (Warehouse) Limited 民迪(貨倉)有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Property investment 物業投資
Poseidon Treasure Limited	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100% #	Provision of debt recovery services 提供呆賬追收服務
Solidpole Limited 億捷有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Investment holding 投資控股
SeaBright Asset Management Limited 光大海基資產管理有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000,000 港幣1,000,000元	65%	Asset management 資產管理
Tankey Management Services Limited 得基有限公司	Hong Kong 香港	Ordinary 普通股	HK\$20 港幣20元	100%	Property investment 物業投資
Tendai Limited 天大有限公司	Hong Kong 香港	Ordinary 普通股 Non-voting deferred shares 無投票權遞延股份	HK\$2 港幣2元 HK\$445,000,000 港幣445,000,000元	100%	Investment in banking operations 投資銀行業務
Trycom Management Limited	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$1 1美元	100%	Investment 投資
Well Logic Investment Limited 威萊投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100% #	Property investment 物業投資
深圳市光控投資諮詢 有限公司	The PRC, domestic enterprise 中國·內資企業	Not applicable 不適用	RMB1,000,000 人民幣1,000,000元	95% #	Provision of consultancy services 提供諮詢服務

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (Continued)

(a) Investments in subsidiaries (Continued)

Subsidiaries held indirectly.

* *Subsidiaries not audited by PricewaterhouseCoopers. The aggregate net assets of subsidiaries not audited by PricewaterhouseCoopers is less than 1% of the Group's total assets.*

(b) Amounts due from subsidiaries

Amounts due from subsidiaries, except for an amount of approximately HK\$571,548,000 (2002: HK\$381,022,000) which bears interest at an average of 0.03625% per annum (2002: average of 0.325% per annum) and a subordinated loan of HK\$50,000,000 (2002: HK\$Nil) which is repayable in 2005, are unsecured, interest free and have no fixed terms of repayment.

(c) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) 附屬公司投資 (續)

間接持有之附屬公司。

* 非經羅兵咸永道會計師事務所審核之附屬公司。非經羅兵咸永道會計師事務所審核的附屬公司之淨資產佔本集團總資產少於1%。

(b) 應收附屬公司款項

應收附屬公司款項，除約港幣571,548,000元（二零零二年：約港幣381,022,000元）需按平均年息0.03625%付息（二零零二年：平均年息0.325%）外，及港幣50,000,000元（二零零二年：無）之後償貸款，於二零零五年到期，均無抵押、無須計息及無固定償還日期。

(c) 應付附屬公司款項

應收附屬公司款項均無須計息，無抵押及無固定償還日期。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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14. INVESTMENTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE 14. 聯營公司投資及應付聯營公司款項

(a) Investments in associates:

(a) 聯營公司投資：

		Consolidated		Company	
		綜合		公司	
		2003	2002	2003	2002
		二零零三年	二零零二年	二零零三年	二零零二年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
			(Restated)		
			(重列)		
Investments, at cost	投資·按成本值：				
Unlisted shares in	非上市股份				
– Hong Kong	– 香港	40,458	40,458	40,390	40,390
– Overseas	– 海外	5,500,755	5,500,755	3,751,184	3,751,184
Listed shares in Hong Kong	香港上市股份	904,411	904,411	–	–
Share of post-acquisition reserves	應佔收購後儲備	(184,095)	(251,746)	–	–
		<u>6,261,529</u>	<u>6,193,878</u>	<u>3,791,574</u>	<u>3,791,574</u>
Provision for impairment charged against investment costs	投資成本減值準備	(165,548)	(165,548)	(40,931)	(40,931)
Provision for impairment charged against goodwill reserve (Note)	商譽儲備減值準備 (附註)	(119,118)	–	–	–
		<u>(284,666)</u>	<u>(165,548)</u>	<u>(40,931)</u>	<u>(40,931)</u>
Premium on acquisition	收購溢價	(3,710,943)	(3,830,061)	–	–
		<u>2,265,920</u>	<u>2,198,269</u>	<u>3,750,643</u>	<u>3,750,643</u>
Quoted market value of listed shares	上市公司股份市值	860,365	591,941	–	–

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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14. INVESTMENTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE (Continued)

(a) Investments in associates: (Continued)

Note: In consideration of the general offer made by an independent third party in the 3rd quarter of 2003 on all International Bank of Asia Limited ("IBA") shares, the directors have performed a review of the carrying value of IBA. Based on this valuation, the directors consider it appropriate to provide for an impairment loss of HK\$119,118,000 against the premium on acquisition recorded as goodwill reserve as at 31st December 2003.

The directors are of the opinion that the underlying value of the associates is not less than the carrying amount of the associates at 31st December 2003.

(b) As at 31st December 2003, particulars of the principal associates of the Group are as follows:

14. 聯營公司投資及應付聯營公司款項 (續)

(a) 聯營公司投資: (續)

附註: 考慮到港基國際銀行有限公司(「港基銀行」)於二零零三年第三季,被獨立第三者提出全面收購,董事們就港基賬面值進行檢討,根據此估值董事們認為截至二零零三年十二月三十一日止應有減值虧損,而提準備金約港幣119,118,000元並相對調低其記錄在商譽儲備內之收購溢價。

董事們認為聯營公司的價值則不低於二零零三年十二月三十一日的賬面值。

(b) 本集團於二零零三年十二月三十一日,主要聯營公司資料如下:

Name of associate 聯營公司名稱	Place of Incorporation/ operation 註冊/經營地點	Principal activities 主要業務	Percentage of equity interest held 本公司所佔資本權益百分比	
			Directly 直接	Indirectly 間接
China Everbright Bank Company Limited ("Everbright Bank") 中國光大銀行股份有限公司 (「光大銀行」)	The PRC 中國	Banking operations 銀行業務	21.39%	—
Everbright Securities Company Limited ("Everbright Securities") (i) 光大證券有限責任公司 (「光大證券」) (i)	The PRC 中國	Securities operations 證券業務	—	49%
International Bank of Asia Limited ("IBA") (ii)(iii) 港基國際銀行有限公司 (「港基銀行」) (ii)(iii)	Hong Kong 香港	Banking operations 銀行業務	—	20%

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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14. INVESTMENTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE (Continued)

- (i) The Group entered into a promoters agreement in respect of Everbright Securities on 27th February 2004, which may result in a dilution of the Group's shareholding in Everbright Securities from 49% to 45.46%. The details of such transaction are set out in note 33 to the accounts.
- (ii) On 8th March 2004, the Group disposed its entire 20% equity interest in IBA at HK\$3.68 per share. On the completion of the transaction, IBA has ceased to be an associate of the Group.
- (iii) Associate not audited by PricewaterhouseCoopers.

(c) Supplementary financial information of principal associates is as follows:

14. 聯營公司投資及應付聯營公司款項 (續)

- (i) 本集團於二零零四年二月二十七日簽署一份關於光大證券的發起人協議。令本集團擁有之光大證券股權可能由49%攤薄至45.46%。有關上述交易之詳情載於賬目附註33。
- (ii) 本集團於二零零四年三月八日出售了其持有20%股權的港基銀行之全部股份，轉讓價格為每股港幣3.68元，完成出售交易後，港基銀行已不再為本集團之聯營公司。
- (iii) 非經羅兵咸永道會計師事務所審核之聯營公司。

(c) 主要聯營公司之補充財務資料如下：

		China Everbright Bank 光大銀行 For the year ended 31st December 2003 截至二零零三年 十二月三十一日 止年度 RMB'000 人民幣千元	Everbright Securities 光大証券 For the year ended 31st December 2003 截至二零零三年 十二月三十一日 止年度 RMB'000 人民幣千元	IBA 港基銀行 For the year ended 31st December 2003 截至二零零三年 十二月三十一日 止年度 HK\$'000 港幣千元
Profit and loss account	損益表			
Turnover	營業額	12,730,748	580,064	947,786
Profit/(loss) before taxation	除稅前盈利／(虧損)	1,335,034	(132,585)	149,717
Current taxation expense	本年度稅項	-	(8,278)	(15,612)
Deferred taxation (charge)/credit	遞延稅項(費用)／收益	(294,951)	(31,528)	4,033
Profit/(loss) attributable to shareholders	股東應佔盈利／(虧損)	1,040,083	(172,391)	138,138

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

14. INVESTMENTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE (Continued)

(d) Amount due to an associate

The amount due to an associate is unsecured, interest free and has no fixed terms of repayment.

15. INVESTMENT IN JOINTLY CONTROLLED ENTITY

Investment, at cost	投資成本
Unlisted shares	非上市股份
Share of post-acquisition reserves	應佔收購後儲備
Share of net assets	應佔淨資產

The jointly controlled entity is under liquidation where the Group's share of its net assets is stated at the carrying amount as at 31st December 2000. The directors are of the opinion that the underlying value of the investment in jointly controlled entity is not less than its carrying amount at 31st December 2003.

14. 聯營公司投資及應付聯營公司款項 (續)

(d) 應付聯營公司款項

應付聯營公司款項均為無抵押、免息及無固定償還日期。

15. 共同控制實體權益

Consolidated	
綜合	
2003	2002
二零零三年	二零零二年
HK\$'000	HK\$'000
港幣千元	港幣千元
457	457
1,782	1,782
2,239	2,239

共同控制實體正進行清盤。本集團於共同控制實體應佔淨資產按二零零零年十二月三十一日的賬面值記賬。董事們認為共同控制實體之投資價值並不低於其在二零零三年十二月三十一日的賬面價值。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

15. INVESTMENT IN JOINTLY CONTROLLED ENTITY
(Continued)

At as 31st December 2003, particulars of the jointly controlled entity of the Group are as follows:

Name 公司名稱	Form of business structure 經營形式	Place of incorporation and operation 註冊及經營地點	Issued and paid up capital 已發行及繳足股本面值	Percentage of equity interest indirectly held 本公司間接所佔資本權益百分比	Principal activity 主要業務
China Everbright Industrial Investment Management Pte Ltd. 中國光大工業投資管理私人有限公司	Incorporated 註冊公司	Singapore 新加坡	S\$200,000 200,000新加坡幣	50%	Fund management (in liquidation) 基金管理(清盤中)

15. 共同控制實體權益 (續)

於二零零三年十二月三十一日，本集團於共同控制實體之投資的資料如下：

16. NON-TRADING SECURITIES

		Consolidated 綜合		Company 公司	
		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Listed equity securities at fair value:	上市證券按公平值：				
Listed in Hong Kong	於香港上市	1,472,319	1,302,769	1,450	2,750
Listed overseas	於海外上市	26,640	-	-	-
		1,498,959	1,302,769	1,450	2,750
Unlisted equity securities	非上市證券	3,432	-	-	-
		1,502,391	1,302,769	1,450	2,750

16. 非交易證券

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

16. NON-TRADING SECURITIES (Continued)

The following is a list of the principal non-trading securities as at 31st December 2003:

Company name 公司名稱	Place of incorporation/ operation 註冊／經營地點	Principal activities 主要業務	Effective equity interest held 本集團所佔 資本權益百分比
China Mobile (Hong Kong) Limited (i) 中國移動(香港)有限公司(i)	Hong Kong 香港	Provision of telecommunication services 提供通訊服務	0.19%
China Life Insurance Company Limited 中國人壽保險股份有限公司	Hong Kong 香港	Provision of life insurance and annuity products 提供人壽保險及年金產品	0.13%
China Unicom Limited 中國聯通股份有限公司	Hong Kong 香港	Provision of telecommunication services 提供通訊服務	0.01%
Bank of China (Hong Kong) Limited 中國銀行(香港)有限公司	Hong Kong 香港	Banking operations 銀行業務	0.31%

(i) At 31st December 2003, the carrying amount of interests in China Mobile (Hong Kong) Limited exceeds 10% of total assets of the Group.

Non-trading securities of aggregate carrying amount of approximately HK\$120 million (2002: HK\$592 million) have been pledged to secure bank loans and overdraft facilities of the Company.

Non-trading securities of aggregate carrying amount of approximately HK\$348 million (2002: HK\$Nil) have been pledged as collateral to counterparties for derivatives transactions entered by the Group.

16. 非交易證券 (續)

於二零零三年十二月三十一日，本集團主要非交易證券投資之資料如下：

(i) 於二零零三年十二月三十一日，投資在中國移動(香港)有限公司的賬面值高於本集團總資產的10%。

總額約港幣1.2億元(二零零二年：港幣5.92億元)之非交易證券已作銀行抵押，為本公司獲取銀行貸款及透支額度。

賬面值約港幣3.48億元(二零零二年：港幣零元)之非交易證券用作衍生工具交易對手之抵押品。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

17. INTANGIBLE ASSETS

17. 無形資產

		Consolidated 綜合		
		Goodwill 商譽	Trading rights 交易權	Total 合計
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Cost	成本			
Beginning and end of year	年初及年末餘額	132,000	2,450	134,450
Accumulated amortisation	累計攤銷			
Beginning of year	年初餘額	16,500	1,450	17,950
Charge for the year	本年計提	13,200	250	13,450
End of year	年末餘額	29,700	1,700	31,400
Net book value	賬面淨值			
End of year	年末餘額	102,300	750	103,050
Beginning of year	年初餘額	115,500	1,000	116,500

Goodwill, which arose from acquisition of associates, is amortised over a period of 10 years. Trading rights are amortised over a period of 5 years.

商譽產生自本集團收購聯營公司之權益，並按十年期限攤銷。交易權於五年期限攤銷。

18. ADVANCES TO CUSTOMERS

18. 客戶借款

		Consolidated 綜合	
		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Amounts due from margin clients	孖展客戶借款	275,211	115,050
Less: provision for doubtful debts	減：呆賬準備	(10,581)	(2,503)
		264,630	112,547

Advances to customers are secured by listed securities of margin clients held as collateral.

客戶借款以孖展客戶持有之上市證券作抵押。

NOTES TO THE ACCOUNTS (Continued)

賬目附註(續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

19. DEBTORS, DEPOSITS AND PREPAYMENTS

19. 應收賬款、按金及預付款

		Consolidated 綜合		Company 公司	
		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Trade receivables, net	應收交易款·淨值	383,768	172,861	-	-
Deposits, prepayments and other receivables	按金·預付款及 其他應收賬款	197,268	115,167	5,361	11,541
		581,036	288,028	5,361	11,541

Details of the aging analysis on trade receivables are as follows:

應收交易款的賬齡分析如下:

		Consolidated 綜合	
		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Within 1 month	一個月以下	382,976	172,163
Within 1 to 2 months	一至二個月	1,058	263
Within 2 to 3 months	二至三個月	615	1,264
Within 3 to 6 months	三至六個月	99	168
Over 6 months	六個月以上	20	3
		384,768	173,861
Less: provision for doubtful debts	減: 呆賬準備	(1,000)	(1,000)
		383,768	172,861

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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19. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

Trade receivables mainly comprised amounts due from the brokerage clients, brokers and clearing houses. These receivables are normally due two days after trade date, and the extension of credit requires management's approval on a case-by-case basis. These receivables have excluded the brokerage client monies maintained in the trust accounts with Hong Kong Futures Exchange Clearing Corporation Limited of approximately HK\$5 million as at 31st December 2003 (2002: approximately HK\$2 million).

20. TRADING SECURITIES

19. 應收賬款、按金及預付款 (續)

應收交易款主要為本集團之經紀業務客戶、經紀商戶及結算所賬款，一般在交易後兩天到期，延期還款需由管理層個別批准。此類賬款並不包括於二零零三年十二月三十一日，約港幣500萬元（二零零二年：約港幣200萬元）保管於香港期貨交易所有限公司的信託帳戶之經紀業務客戶款項。

20. 交易證券

		Consolidated	
		綜合	
		2003	2002
		二零零三年	二零零二年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
At fair value:	公平值：		
Debt securities:	債券：		
– listed overseas	– 海外上市	46,915	–
– unlisted	– 非上市	68,891	45,956
		<u>115,806</u>	<u>45,956</u>
Equity securities:	股本證券：		
– listed in Hong Kong	– 香港上市	253,540	257,777
– listed overseas	– 海外上市	135,312	197
– unlisted	– 非上市	2,739	–
		<u>391,591</u>	<u>257,974</u>
		507,397	303,930

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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21. BANK BALANCES AND CASH – GENERAL ACCOUNTS 21. 銀行結餘及現金 – 一般賬戶

		Consolidated 綜合		Company 公司	
		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Cash on hand, savings and current accounts	現金·儲蓄及 往來賬戶	500,414	73,984	-	216
Fixed deposits with banks	銀行定期存款	20,000	50,209	234	37,600
		520,414	124,193	234	37,816

The Group maintains trust accounts with authorized institutions as part of its normal business transactions. At 31st December 2003, trust accounts not otherwise dealt with in the accounts amounted to approximately HK\$793 million (2002: approximately HK\$98 million).

本集團在銀行開立信託賬戶，用以託管客戶在正常業務往來中產生之存款。於二零零三年十二月三十一日，未計入賬目內的信託賬戶餘額約港幣7.93億元（二零零二年：約港幣9,800萬元）。

22. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES 22. 應付賬款、已收按金及預提費用

		Consolidated 綜合		Company 公司	
		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Trade payables	應付交易款	382,192	57,905	-	-
Other creditors, deposits received and accrued charges	其他應付賬款、 已收按金及 預提費用	64,311	18,844	1,957	3,925
		446,503	76,749	1,957	3,925

Trade payables represent amounts due to brokerage clients, brokers and clearing houses, and are due within one month. Trade payables to clients exclude those payables placed in trust accounts amounted to approximately HK\$798 million as at 31st December 2003 (2002: approximately HK\$100 million).

應付交易款代表應付經紀業務客戶、經紀商戶及結算所的賬款，並在一個月之內到期。於二零零三年十二月三十一日，應付經紀業務客戶賬款不包括於信託賬戶的應付賬款約港幣7.98億元（二零零二年：約港幣1億元）。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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23. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2002: 16%).

The movement on the deferred tax assets account is as follows:

Deferred tax assets 遞延稅項資產	General provisions 一般準備		Tax losses 稅項損失		Accelerated tax depreciation 加速折舊免稅額		Total 合計	
	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
At 1st January, as previously reported	-	-	-	-	-	-	-	-
Prior year adjustment	320	320	6,904	6,089	75	37	7,299	6,446
At 1st January, as restated	320	320	6,904	6,089	75	37	7,299	6,446
Credited to consolidated profit and loss account (note 8)	293	-	3,166	815	30	38	3,489	853
At 31st December	613	320	10,070	6,904	105	75	10,788	7,299

Deferred tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$331 million (2002: HK\$372 million) to carry forward against future taxable income. These tax losses have no expiry date.

23. 遞延稅項

遞延稅項採用負債法就短暫時差按主要稅率17.5% (二零零二年: 16%) 作全數撥備。

遞延稅項資產變動如下:

遞延稅項資產乃因應相關稅務利益可透過未來應課稅溢利變現而就所結轉之稅損作確認。本集團有未確認稅損港幣3.31億元 (二零零二年: 港幣3.72億元) 可結轉以抵銷未來應課收入; 此等稅損並無期限。

NOTES TO THE ACCOUNTS (Continued)

賬目附註(續)

For the year ended 31st December 2003
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24. BANK LOANS

24. 銀行貸款

	Consolidated 綜合		Company 公司	
	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Secured bank loans (note 32) 銀行抵押借款(附註32)	-	40,000	-	40,000

25. SHARE CAPITAL

25. 股本

		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Authorised:	法定股本:		
Ordinary shares of HK\$1.00 each	每股港幣1.00元之 普通股份	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:	已發行及已繳足股本:		
Beginning of year	年初餘額	<u>1,563,351</u>	1,562,991
Exercise of share options	行使認股權	-	<u>360</u>
End of year	年末餘額	<u>1,563,351</u>	<u>1,563,351</u>

Share Option Scheme

Pursuant to the Company's share option scheme adopted on 27th September 1996, the Company may grant options to the Directors and full time employees of the Group to subscribe for shares in the Company, subject to a maximum of 10% of the issued share capital of the Company from time to time. The subscription price will be determined by the Directors, and will not be less than the higher of the nominal value of the shares and 80% of the average closing price of the shares quoted on the Stock Exchange on the five trading days immediately preceding the date of offer of the option.

認股權計劃

根據本公司於一九九六年九月二十七日採納的認股權計劃，本公司可酌情向本集團董事及全職僱員授予認股權，據此可認購最多為本公司當時已發行股本百分之十的股份。行使價將由董事會決定，惟不可低於股份面值及股份於緊隨授出認股權前的五個交易日於香港聯交所平均收市價的百分之八十。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

25. SHARE CAPITAL (Continued)

Share Option Scheme (Continued)

Pursuant to the share option scheme, options which are exercisable in prescribed portion for a period of six years following the date of offer to subscribe for 36,300,000 shares of HK\$1.00 each in the share capital of the Company at a subscription price of HK \$5.152 per share (subject to adjustment) were granted on 21st March 1997 to the Directors and employees of the Group. The options are not exercisable prior to the expiry of two years after the date of offer of the options.

At the Extraordinary General Meeting of the Company held on 24th May 2002, an ordinary resolution was passed to adopt the New Share Option Scheme (the "New Scheme") and to terminate the share option scheme adopted on 27th September 1996 (the "Old Scheme").

Pursuant to the New Scheme, the Company may grant options to the Directors and full time employees of the Group and its associated companies to subscribe for shares in the Company, subject to a maximum of 10% of the issued share capital of the Company as at 24th May 2002. The exercise price is determined by the Directors which shall be at least the highest of (i) the nominal value of the shares; (ii) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; and (iii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer.

Pursuant to the New Scheme, options which are exercisable in prescribed portion for a period of three and a half year following the date of offer, to subscribe for 21,600,000 shares of HK\$1.00 each in the share capital of the Company at a subscription price of HK\$4.36 per share (subject to adjustment) were granted on 26th June 2002 to the Directors and employees of the Group.

25. 股本 (續)

認股權計劃 (續)

根據認股權計劃，本公司於一九九七年三月二十一日向本集團董事及僱員授出認股權。該等認股權須於授出日期後六年內，每年以特定數額並按每股港幣5.152元（可予以調整）的行使價，認購合共36,300,000股本公司股份中每股面值港幣1.00元之股份。該等認股權不可於授出日期後兩年內行使。

於二零零二年五月二十四日，本公司舉行之股東特別大會上，通過了一項普通決議以採納新認股權計劃（「新計劃」）並終止了採納於一九九六年九月二十七日的認股權計劃（「舊計劃」）。

根據新計劃，本公司可酌情向本集團及其聯營公司的董事及全職僱員授予認股權，據此可認購最多為本公司於二零零二年五月二十四日已發行股本百分之十的股份。行使價將由董事會釐定，並至少須為下列三者中之最高者：(i) 股份面值；(ii) 於授出認股權當日，股份於聯交所每日報價表示之收市價；及(iii) 緊接授出認股權當日前五個交易日，股份於聯交所每日報價表所示之平均收市價。

根據新計劃，本公司於二零零二年六月二十六日向本集團董事及僱員授出認股權。該等認股權須於授出日期後三年半內，每年以特定數額並按每股港幣4.36元（可予以調整）的行使價，認購合共21,600,000股本公司股份中每股面值港幣1.00元之股份。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

25. SHARE CAPITAL (Continued)

Share Option Scheme (Continued)

Pursuant to the New Scheme, options which are exercisable in prescribed portion for a period of three and a half year following the date of offer, to subscribe for shares of HK\$1.00 each in the share capital of the Company were granted at the respective subscription price (subject to adjustment) in the following manner: (i) 300,000 shares at a subscription price of HK\$2.265 per share were granted on 11th February 2003 to an employee; (ii) 500,000 shares at a subscription price of HK\$1.780 per share were granted on 2nd May 2003 to an employee; and (iii) 10,150,000 shares were granted to the Directors and employees of the Group at a subscription price of HK\$2.375 per share on 7th July 2003.

Movements in share options during the year ended 31st December 2003 are as follows:

25. 股本 (續)

認股權計劃 (續)

根據新計劃，本公司授出認股權以認購本公司股本中每股面值港幣1.00元之股份，該等認股權可於授出日期後三年半內分別以下列行使價（可予以調整）行使：(i)於二零零三年二月十一日向一位僱員授出之認股權可以每股港幣2.265元認購300,000股本公司股份；(ii)於二零零三年五月二日向一位僱員授出之認股權可以每股港幣1.780元認購500,000股本公司股份；及(iii)於二零零三年七月七日向本集團董事及僱員授出之認股權可以每股港幣2.375元認購10,150,000股本公司股份。

截至二零零三年十二月三十一日止年度，根據認股權計劃而授出的認股權的變動如下：

Date of offer 授出日期	Subscription price per share 每股行使價	Number of share options 認股權數目				
		Beginning of year 年初餘額	Offered during the year 年內授出	Lapsed during the year 年內失效	Exercised during the year 年內行使	End of year 年末餘額
21st March 1997 一九九七年三月二十一日	HK\$5.152	3,162,000	-	3,162,000	-	-
26th June 2002 二零零二年六月二十六日	HK\$4.360	20,800,000	-	800,000	-	20,000,000
11th February 2003 二零零三年二月十一日	HK\$2.265	-	300,000	300,000	-	-
2nd May 2003 二零零三年五月二日	HK\$1.780	-	500,000	-	-	500,000
7th July 2003 二零零三年七月七日	HK\$2.375	-	10,150,000	-	-	10,150,000

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

26. RELATED PARTY TRANSACTIONS

26. 有關連人士交易

(a) The following transactions were entered into with related parties during the year:

(a) 本集團於年內與有關連人士之交易如下:

		二零零三年 HK\$'000 港幣千元	二零零二年 HK\$'000 港幣千元
Interest income earned from associates on deposits placed	從聯營公司收取存款之利息收入	1,647	2,590
Consultancy fee received from an associate (note (c))	從聯營公司收取的諮詢費 (附註(c))	-	1,265
Rental income received from:	租金收入:		
- an associate (note (d))	- 聯營公司 (附註(d))	453	453
- ultimate holding company (note (e))	- 最終控股公司 (附註(e))	192	228
Securities brokerage commission received from	收取之經紀佣金		
- subsidiaries of ultimate holding company	- 最終控股公司持有之附屬公司	89	-
- a subsidiary of an associate of ultimate holding company	- 最終控股公司持有之聯營公司之附屬公司	2	-
- an associate of ultimate holding company	- 最終控股公司持有之聯營公司	-	9
Interest expenses paid to ultimate holding company:	向最終控股公司支付之利息支出:		
- on convertible notes	- 可換股票據	-	6,233
- on revolving loans	- 循環貸款	6,021	3,664
Rental expense paid to ultimate holding company (note (f), (g))	向最終控股公司支付租金 (附註(f)、(g))	168	196
Rental expense paid to wholly owned subsidiary of ultimate holding company (note (h))	向最終控股公司持有之全資附屬公司支付租金 (附註(h))	2,400	4,147
Referral and consultancy fee expenses paid to an associate (note (i))	向聯營公司支付介紹及諮詢費 (附註(i))	16,000	-

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

26. RELATED PARTY TRANSACTIONS (Continued)

(b) Included in the balance sheets are the following balances with related parties:

26. 有關連人士交易 (續)

(b) 於資產負債表內的有關連人士往來款包括:

		Consolidated 綜合		Company 公司	
		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Deposits placed with associates (included in bank balances and cash) (i)	於聯營公司之存款 (包括於銀行結餘及現金) (i)	36,108	52,153	-	-
Interest receivable from an associate (included in debtors, deposits and prepayments)	應收聯營公司利息 (包括於應收賬款、按金及預付款內)	-	5,745	-	5,745
Amount due from an associate (included in debtors, deposits and prepayment) (ii)	應收聯營公司款項 (包括於應收賬款、按金及預付款內) (ii)	9,350	78,243	-	-
Loans from ultimate holding company (iii)	應付最終控股公司之貸款 (iii)	(436,490)	(250,000)	(436,490)	(250,000)
Interest payable on loans from ultimate holding company (iii)	應付最終控股公司貸款之利息 (iii)	(311)	(1,577)	(311)	(1,577)

(i) Deposits placed with associates are unsecured, bear interest at commercial terms and repayable upon demand.

(i) 於聯營公司的存款為無抵押，按商業條款計息，並於要求時償還。

(ii) Amount due from an associate arose in the normal course of securities brokerage business, and is unsecured, interest free and repayable upon demand.

(ii) 應收聯營公司款項乃產生自與證券經紀商戶之正常證券交易，款項為無抵押，並於要求時償還。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

26. RELATED PARTY TRANSACTIONS (Continued)

(b) (Continued)

(iii) On 19th June 2003, the Company renewed a one year term loan agreement with its ultimate holding company China Everbright Holdings Company Limited ("CEHL") for a loan of HK\$250 million on the same terms and conditions as they were in the term loan agreement first entered into between the same parties on 2nd July 2002 except that the interest rate was increased from Hong Kong Interbank Offer Rate ("HIBOR") plus 0.72% to HIBOR plus 0.75% per annum.

On 14th May 2003, the Company entered into another one year term loan agreement with CEHL for another loan of HK\$130 million on terms and condition similar to those of the agreement entered into previously between the same parties save that the interest rate was HIBOR plus 0.35% per annum. No security was required to be provided by the Company pursuant to this loan agreement.

On 21st October 2003, the Company entered into another one year term loan agreement with CEHL for a loan of RMB60 million on terms and condition similar to those of the agreement entered into previously between the Company and CEHL save that the interest rate was fixed on 2.75% per annum. No security was required to be provided by the Company pursuant to this loan agreement.

(c) On 21st December 2001, a wholly owned subsidiary of the Company entered into an Investment Consultancy Agreement with Everbright Securities whereby the said subsidiary provides investment consultancy services to Everbright Securities. In 2003, no consultancy fee was payable by Everbright Securities.

26. 有關連人士交易 (續)

(b) (續)

(iii) 於二零零三年六月十九日，本公司與其最終控股公司中國光大集團有限公司（「光大集團」）就延續貸款簽訂一項港幣2億5千萬之一年期貸款協議。協議之條款及條件除利率由香港銀行同業拆息(HIBOR)+0.72厘增加至HIBOR+0.75厘之外，其他條款及條件與彼等最初於二零零二年七月二日簽訂之貸款協議相同。

於二零零三年五月十四日，本公司與光大集團簽訂另外一項一年期貸款協議，貸款額為港幣1億3千萬，條款及條件與早前簽訂協議之條款相若。利率為每年0.35厘。本公司無需為此貸款提供抵押。

於二零零三年十月二十一日，本公司與光大集團再簽訂多一項一年期貸款協議，貸款額為人民幣6千萬元。條款及條件與早前簽訂之協議條款相若。利率為每年2.75厘。本公司無需為此貸款提供抵押。

(c) 於二零零一年十二月二十一日，本公司之全資附屬公司與光大證券簽訂一項投資諮詢協議，據此向光大證券提供投資諮詢服務。光大證券於二零零三年並無支付諮詢費用。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

26. RELATED PARTY TRANSACTIONS (Continued)

- (d) On 28th September 2001, the Group entered into a tenancy agreement with Everbright Bank in relation to the leasing of office premises to Everbright Bank for the period from 22nd October 2001 to 21st October 2002 with an option to renew for another term of one year. Pursuant to the exercise of such option, the lease has been renewed for one year from 22nd October 2002 to 21st October 2003 at the same rent. The rent payable to the Group amounted to HK\$452,520 per annum. On 22nd October 2003, the Group entered into a new tenancy agreement with Everbright Bank to renew the aforesaid lease for a term of one year from 22nd October 2003 to 21st October 2004 with an option to renew for another term of one year. The rent payable by the Group amounted to HK\$452,520 per annum.
- (e) On 22nd November 2002, the Group entered into a tenancy agreement with the ultimate holding company in relation to the leasing of residential premises to the ultimate holding company for the period from 1st January 2003 to 31st December 2003. The rent payable to the Group amounted to HK\$192,000 per annum. On 1st January 2004, the said lease was renewed for a period of one year from 1st January 2004 to 31st December 2004. The rent payable to the Group has been revised to HK\$180,000 per annum.
- (f) On 14th June 2002, the Group entered into a tenancy agreement with the ultimate holding company in relation to the leasing of residential premises to the Group for the period from 8th April 2002 to 7th April 2003. The rent payable by the Group amounted to HK\$84,000 per annum. On expiration, the tenancy agreement has been changed to a monthly basis until 30th November 2003. The rent payable by the Group remains the same.

26. 有關連人士交易 (續)

- (d) 於二零零一年九月二十八日，本集團與光大銀行簽訂一項租約，本集團據此向光大銀行出租其一項辦公物業，租期由二零零一年十月二十二日至二零零二年十月二十一日止，光大銀行有權於該租約期滿時續租一年。而光大銀行已行使前述權利，該租約已予延期一年，由二零零二年十月二十二日至二零零三年十月二十一日止，租金維持不變。本集團應收年租金為港幣452,520元。於二零零三年十月二十二日，本集團與光大銀行續簽前述租約一年，租期由二零零三年十月二十二日至二零零四年十月二十一日止，光大銀行有權於該租約期滿時續租一年。本集團應收年租為港幣452,520元。
- (e) 於二零零二年十一月二十二日，本集團與最終控股公司簽訂一項租約，本集團向其出租一項住宅物業，租期由二零零三年一月一日至二零零三年十二月三十一日止，年租金為港幣192,000元。於二零零四年一月一日，該租約已予續期一年，由二零零四年一月一日至二零零四年十二月三十一日止，年租金調整為港幣180,000元。
- (f) 於二零零二年六月十四日，本集團與最終控股公司簽訂一項租約，本集團據此向其租用一項住宅物業，租期由二零零二年四月八日起至二零零三年四月七日止。年租金為港幣84,000元。於租約期滿時，改為按月租形式直至二零零三年十一月三十日。其租金保持不變。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

26. RELATED PARTY TRANSACTIONS (Continued)

- (g) On 14th June 2002, the Group entered into a tenancy agreement with the ultimate holding company in relation to the leasing of residential premises to the Group for the period from 3rd July 2002 to 2nd July 2003. The rent payable by the Group amounted to HK\$84,000 per annum. On expiration, the tenancy agreement has been changed to a monthly basis until 30th November 2003. The rent payable by the Group remains the same.
- (h) On 22nd January 2003, a wholly owned subsidiary of the ultimate holding company entered into a tenancy agreement with the Group in relation to the leasing of office premises to the Group for the period from 31st December 2002 to 30th December 2004. The rent payable by the Group amounted to HK\$2,400,000 per annum.
- (i) In March 2003, a wholly-owned subsidiary of the Company entered into an agreement with Everbright Securities whereby the said subsidiary paid approximately HK\$16,000,000 to Everbright Securities as referral and consultancy fees in respect of the services rendered to the said subsidiary.

27. CONTINGENT LIABILITIES

Guarantee given to financial institutions
in respect of banking facilities granted
to subsidiaries

為附屬公司的銀行額度
向金融機構提供擔保

26. 有關連人士交易 (續)

- (g) 於二零零二年六月十四日，本集團與最終控股公司簽訂一項租約。本集團據此向其租用一項住宅物業，租期由二零零二年七月三日起至二零零三年七月二日止。年租金為港幣84,000元。於租約期滿時，改為按月租形式直至二零零三年十一月三十日。租金保持不變。
- (h) 於二零零三年一月二十二日，最終控股公司之全資附屬公司與本集團簽訂一項租約，本集團同意向其租用一項辦公物業，租期由二零零二年十二月三十一日至二零零四年十二月三十日止。年租金為港幣2,400,000元。
- (i) 於二零零三年三月，本公司全資附屬公司與光大證券簽訂一項協議，據此該附屬公司向光大證券支付就一項投資諮詢服務支付介紹及諮詢費用約港幣16,000,000元。

27. 或然負債

Company 公司	
2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
100,000	380,000

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

27. CONTINGENT LIABILITIES (Continued)

As at 31st December 2003, the Group's subsidiaries had not utilised any of its banking facilities.

As at 31st December 2003, the Company had issued corporate guarantees to certain financial institutions for trading facilities granted to a subsidiary which engages in leveraged foreign exchange trading and other subsidiaries which carry out derivatives transactions. The guarantee amounts vary and are dependent on the volume of transactions effected with the financial institutions.

28. COMMITMENTS

(a) Capital commitments

The Group has no capital commitments as at 31st December 2003 (2002: Nil).

27. 或然負債 (續)

於二零零三年十二月三十一日，集團屬下之子公司並未有任何借款。

於二零零三年十二月三十一日，本公司為一間參與槓杆外匯交易之附屬公司及參與衍生工具買賣之其他附屬公司的交易額度向金融機構提供擔保。該擔保額度根據與金融機構產生之交易額而變動。

28. 承擔

(a) 資本承擔

於二零零三年十二月三十一日，本集團無資本承擔（二零零二年：無）。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

28. COMMITMENTS (Continued)

(b) Operating lease commitments

Operating lease commitments as at 31st December 2003 amounted to approximately HK\$3,267,000 (2002: HK\$5,711,000) of which approximately HK\$3,187,000 (2002: approximately HK\$3,158,000) is payable in the next twelve months. The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

Not later than one year	一年內到期	2,827	360	2,758	400
Later than one year and not later than five years	二至五年內到期	80	-	2,553	-
		2,907	360	5,311	400

(c) Future operating lease arrangement

As at 31st December 2003, the Group had future aggregate minimum lease receipts under non-cancellable operating leases for investment properties as follows:

Not later than one year	一年內到期	821	1,223
Later than one year and not later than five years	二至五年內到期	283	268
		1,104	1,491

28. 承擔 (續)

(b) 經營租賃承擔

於二零零三年十二月三十一日，經營租賃承擔總額約為港幣3,267,000元（二零零二年：約港幣5,711,000元），其中約港幣3,187,000元（二零零二年：約港幣3,158,000元）為未來十二個月內須支付之承擔金額。本集團根據不可撤銷之經營租賃，於未來支付之最低租賃付款總額如下：

Consolidated
綜合

		2003 二零零三年		2002 二零零二年	
		Properties 房產	Others 其他	Properties 房產	Others 其他
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Not later than one year	一年內到期	2,827	360	2,758	400
Later than one year and not later than five years	二至五年內到期	80	-	2,553	-
		2,907	360	5,311	400

(c) 未來經營租賃安排

於二零零三年十二月三十一日，本集團根據不可撤銷的投資物業經營租約，於未來可收取之最低租賃款項總額如下：

Consolidated
綜合

	2003 二零零三年	2002 二零零二年
	HK\$'000 港幣千元	HK\$'000 港幣千元
Not later than one year	821	1,223
Later than one year and not later than five years	283	268
	1,104	1,491

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

28. COMMITMENTS (Continued)

(d) Off-balance sheet financial instruments

The fair values and the contractual or notional amounts of the Group's trading equity derivatives outstanding at the year end are detailed as follows:

Equity call options written	售出股票認購期權	(4,437)	-	160,700	-
Equity Collars	股票固定波幅合約				
- Call options written	- 售出認購期權	(2,208)	-	43,500	-
- Put options	- 認沽期權	758	-	40,500	-
Equity swaps	股票互換合約	4,425	-	150,425	-
Hang Seng Index futures	恒生指數期貨	108	-	6,318	-

The financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market prices of the underlying instruments relative to their terms.

Notional amounts of these financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amount of future cash flows involved or the current fair value of the instruments and, therefore, are not a representation of the Group's exposure to the credit or price risks.

28. 承擔 (續)

(d) 資產負債表外金融工具

下表提供本集團於年終未平倉之交易股票衍生工具之公平值及合約或名義金額之詳細分類：

		Fair value assets/(liabilities) 公平值 資產/(負債)		Contractual/ notional amounts 合約/ 名義金額	
		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Equity call options written	售出股票認購期權	(4,437)	-	160,700	-
Equity Collars	股票固定波幅合約				
- Call options written	- 售出認購期權	(2,208)	-	43,500	-
- Put options	- 認沽期權	758	-	40,500	-
Equity swaps	股票互換合約	4,425	-	150,425	-
Hang Seng Index futures	恒生指數期貨	108	-	6,318	-

金融工具可因所指定工具之市場價格波動而變得有利(資產)或不利(負債)。

該等金融工具之名義金額乃作為與已於資產負債表確認的工具比較之基準，惟不一定顯示所涉及未來現金流量之金額或該等工具之現時公平值。因此，並不代表本集團所面對之信貸或價格風險。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

29. LITIGATION

- (a) On 12th December 1995, the Company issued civil proceedings against Mr. Ch'ng Poh, a former Chief Executive Officer and Chairman of the Company, claiming damages for conspiracy and/or conversion and/or breach of fiduciary duty arising from his unlawful use of approximately HK\$127 million of the Company's funds in 1985 to finance a purchase of shares in the Company. The Company obtained a judgment for a sum amounting HK\$336,310,069 as at 27th February 2001 and HK\$270,918,527 has since been recovered under the said judgment. This judgment has been affirmed by the Court of Appeal and the Hong Kong Court of Fund Appeal. The Company has since recovered HK\$2,241,000 in costs from Ch'ng Poh. As at the date of this report, Mr. Ch'ng Poh still owes the Company a sum of approximately HK\$82 million under the judgment and approximately HK\$20 million in legal costs and the Company has taken reasonable steps to recover such sum together with costs from Mr. Ch'ng Poh. However no significant sum has been recovered from Mr. Ch'ng Poh save as disclosed aforesaid. Bankruptcy proceedings have been commenced against Mr. Ch'ng Poh. However, there is no assurance that the Company can recover any part of these sums or at all and thus no receivables have been recorded.

29. 訴訟

- (a) 於一九九五年十二月十二日，本公司對本公司前主席及行政總裁莊寶先生提出民事訴訟，索取因其於一九八五年非法自本公司提取約港幣127,000,000元作為購入本公司股份之資金有關之串謀及／或侵佔及／或違反誠信責任之損失。法院已於二零零一年二月二十七日就該訴訟做出判決（「該判決」）。根據該判決，法院裁定莊寶先生要向本公司賠償因其串謀、侵佔及違反誠信責任之損失。於二零零一年二月二十七日之賠償金額為港幣336,310,069元。該判決其後獲得上訴庭及終審庭確認。遵照該判決我司已取回一筆共港幣270,918,527元的款項。截至本報告簽署日，莊寶先生仍欠本公司訴訟賠款約港幣82,000,000元及訴訟費用約港幣20,000,000元，並且本公司已採取合理措施向莊寶先生索回以上款項，但截至本報告簽署日，除上述披露外，本公司仍未能從莊寶先生處索回實質數額的款項。本公司已正式向法院申請對莊寶先生的破產令。但本公司不能確定能否全部或部分收回該款項，故此上述欠款並無記錄於應收帳款內。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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29. LITIGATION (Continued)

- (b) In July 1998, the Company and I.H.D. Management Services Limited (now known as CEL Management Services Limited), a wholly owned subsidiary of the Company, were served with a Statement of Claim by one of its former senior executives claiming damages in the sum of approximately HK\$13.5 million for alleged failure by the Company and I.H.D. Management Services Limited to grant him certain share options pursuant to his employment contract. Pleadings have closed and discovery has completed. This matter has been set down for trial in July 2004. The Directors are of the view that the outcome of this dispute will not have any material impact on the results of the Group.
- (c) In August 2001, Avon Investments Limited ("Avon") commenced civil proceedings against the Company claiming damages in the sum of approximately HK\$37 million for alleged wrongful repudiation of a management agreement between the Company and Avon. The Company has filed a defence to rebut the allegations of Avon. The case was originally set down for trial in May 2004. However on Avon's request, the trial date has been postponed to a date to be fixed. The Directors consider that it is premature at this stage to estimate the impact of the possible outcome of this case on the results the Group.
- (d) In December 2002, Avon commenced civil action against the ex-directors, the independent directors and the current directors of the Group and the Company. The action is a derivative action in nature which action was brought in the name of Avon as a minority shareholder but partly for the benefit of the Company. The action is at a preliminary stage and the Company has filed a defence. The next step is discovery whereby the parties will exchange documentary evidence in relation to the claim of the case. It is premature to estimate the impact of the possible outcome of this case on the results of the Group at this stage.

29. 訴訟 (續)

- (b) 於一九九八年七月，本集團一名前高級職員向本公司及旗下一全資附屬公司明輝管理服務有限公司（現稱光大控股管理服務有限公司）提出民事訴訟，索取因本公司及明輝管理服務有限公司未能根據僱傭合約向其授予認股權而引致之損失。各方已提交狀書及交換呈堂證據，現此案已排期於二零零四年七月正式審訊。董事會認為無論此訴訟的最終結果如何，亦不會對本公司的帳目有任何重大的影響。
- (c) 於二零零一年八月，Avon Investments Limited（「Avon」）向本公司提出民事訴訟，索取因公司不正當地解除與債權人間的協議而引致之損失。本公司已提交抗辯書以反駁回Avon的指控。此案件原已排期於二零零四年五月審訊，其後因應Avon要求，此案已押後審理，日期待定。董事會認為若於目前估計此訴訟的可能結果對本公司的帳目的影響，屬言之尚早。
- (d) 於二零零二年十二月，Avon向本公司的前董事、獨立董事及現屆董事及本公司提出訴訟。有關訴訟部份屬於衍生訴訟性質。是Avon以小股東身份為公司利益提出，現時訴訟在初步階段，本公司已提交答辯書，下一步驟為雙方交換呈堂證據。董事會認為若於目前估計此訴訟的可能結果對本公司的帳目的影響，屬言之尚早。

NOTES TO THE ACCOUNTS (Continued)

賬目附註(續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT 30. 綜合現金流量附註

(a) Reconciliation of profit/(loss) before taxation to net cash outflow from operating activities

(a) 除稅前盈利/(虧損)與經營活動之現金流出淨額對賬表

		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Profit/(loss) before taxation	除稅前盈利/(虧損)	320,430	(1,387,309)
Interest income	利息收入	(25,057)	(24,709)
Interest expenses	利息支出	7,023	13,816
Interest received on advances to customers	客戶借款所收利息	14,116	11,280
Other interest received	其他已收利息	7,109	3,419
Dividend income	股息收入	(52,552)	(11,847)
Share of profits less losses of associates	應佔聯營公司盈利減虧損	(237,818)	1,308,129
Depreciation	折舊	4,739	6,523
Amortisation of goodwill and trading rights	商譽及交易權之攤銷	13,450	13,690
Impairment loss on investment in an associate	聯營公司投資減值虧損	119,118	-
Impairment loss on trading rights	交易權之減值虧損	-	960
Net gain on disposal of non-trading securities	出售非交易證券之淨收益	(70,933)	(56,933)
Net gain on disposal of an associate	出售聯營公司之淨收益	-	(25,805)
(Gain)/loss on disposal of fixed assets	出售固定資產之(收益)/虧損	(1,872)	414
Revaluation deficit on fixed assets	重估固定資產減值	4,759	20,545
Operating profit/(loss) before working capital changes	營運資金變動前之經營盈利/(虧損)	102,512	(127,827)
Increase in advances to customers	客戶借款增加	(152,083)	(40,843)
Increase in debtors, deposits and prepayments	應收賬款、按金及預付款增加	(288,848)	(136,011)
Decrease in amount due from a related company	應收關連公司款項減少	-	167
Increase in trading securities	交易證券增加	(203,467)	(78,836)
Increase/(decrease) in creditors, deposits received and accrued charges	應付賬款、已收按金及預提費用增加/(減少)	369,754	(14,349)
Cash used in operations	經營活動使用之現金	(172,132)	(397,699)
Hong Kong profits tax refunded/(paid)	退回/(已付)香港利得稅	2,085	(2,047)
Interest paid	已付利息	(8,289)	(12,239)
Net cash outflow from operating activities	經營活動產生之流出淨額	(178,336)	(411,985)

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

30. 綜合現金流量表附註 (續)

(b) Analysis of the balances of cash and cash equivalents

(b) 現金及現金等價物餘額分析

		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Bank balances and cash	銀行結餘及現金		
– general accounts	– 一般賬戶	520,414	124,193
Time deposits with maturity over three months	逾三個月到期之存款	(20,000)	–
		500,414	124,193
Short-term bank loans	銀行短期貸款	–	(40,000)
		500,414	84,193

(c) Major non-cash transactions

(c) 重大非現金交易

		2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Repayment of convertible notes by drawdown of revolving loan	通過提取循環貸款償還可換股票據款項	–	250,000

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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31. SEGMENT INFORMATION

(a) Business segments

The Group conducts the majority of its business activities in three areas: short-term investments, financial services and long-term investments plus other operations. An analysis by business segment is as follows:

31. 分項資料

(a) 業務分項

本集團所經營之業務主要可分為三類：短期投資、金融服務和長期投資與其他業務。按業務分項之資料分析如下：

		Short-term investments		Financial services		Long-term investments plus others		Total	
		短期投資	金融服務	長期投資及其他	合計				
		2003	2002	2003	2002	2003	2002	2003	2002
		二零零三年	二零零二年	二零零三年	二零零二年	二零零三年	二零零二年	二零零三年	二零零二年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
			(Restated)		(Restated)		(Restated)		(Restated)
			(重列)		(重列)		(重列)		(重列)
REVENUE	收入								
Investment income/(loss)	投資收入/(損失)	127,323	(88,225)	-	-	110,964	58,272	238,287	(29,953)
Interest income	利息收入	4,832	5,831	18,391	14,333	1,834	4,545	25,057	24,709
Brokerage commission and service income	佣金與服務收入	1,217	2,424	111,347	56,177	66	-	112,630	58,601
Other income	其他收入	-	-	130	1,046	5,879	35,344	6,009	36,390
Total revenues	總收入	133,372	(79,970)	129,868	71,556	118,743	98,161	381,983	89,747
RESULTS	業績								
Segment results	分項業績	120,442	(92,648)	34,653	1,313	103,750	60,554	258,845	(30,781)
Unallocated corporate expenses	未分配的公司費用							(50,092)	(34,583)
Operating profit/(loss)	經營盈利/(虧損)							208,753	(65,364)
Finance costs	財務費用							(7,023)	(13,816)
Share of profits less losses of associates	應佔聯營公司盈利減虧損							237,818	(1,308,129)
Impairment loss on investment in an associate	聯營公司投資減值虧損							(119,118)	-
Taxation (charge)/credit	稅項(費用)/收益							(96,896)	393,761
Profit/(loss) after taxation	除稅後盈利/(虧損)							223,534	(993,548)
Minority interests	少數股東權益							179	-
Profit/(loss) attributable to shareholders	股東應佔盈利/(虧損)							223,713	(993,548)

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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31. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

		Short-term investments		Financial services		Long-term investments plus others		Total	
		短期投資		金融服務		長期投資及其他		合計	
		2003	2002	2003	2002	2003	2002	2003	2002
		二零零三年	二零零二年	二零零三年	二零零二年	二零零三年	二零零二年	二零零三年	二零零二年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
			(Restated)		(Restated)		(Restated)		(Restated)
			(重列)		(重列)		(重列)		(重列)
OTHER INFORMATION	其他資料								
Segment assets	分項資產	714,151	398,351	818,554	284,516	1,605,129	1,403,547	3,137,834	2,086,414
Investments in associates	聯營公司投資							2,265,920	2,198,269
Goodwill	商譽							102,300	115,500
Investments in jointly controlled entity	共同控制實體權益							2,239	2,239
Unallocated corporate assets	未分配的公司資產							350,555	154,130
Total assets	總資產							5,858,848	4,556,552
Segment liabilities	分項負債	6,626	785	436,297	23,553	-	-	442,923	24,338
Unallocated corporate liabilities	未分配的公司負債							673,350	554,634
Total liabilities	總負債							1,116,273	578,972
Capital expenditure	資本性開支	-	167	-	398	18,179	104	18,179	669
Depreciation and amortisation of trading rights	折舊及交易權攤銷	118	278	307	867	4,564	5,868	4,989	7,013
Impairment loss on trading rights	交易權減值虧損	-	-	-	960	-	-	-	960
Unallocated goodwill amortisation	未分配的商譽攤銷							13,200	13,200
Unallocated impairment loss on investment in an associate	未分配聯營公司投資減值虧損							119,118	-

Note: Due to changes in the basis of allocation of revenue and related assets and liabilities, comparative figures for the previous year have been restated.

附註：因收入、資產及負債的分類方法改變，以前年度的業務分項比較數據已重新列賬。

(b) Geographical segments

Most of the activities of the Group are based in Hong Kong from where it derives more than 90% of its revenues and operating results and where most of its segment assets are located.

(b) 區域分項

本集團絕大部分業務均在香港運作，而多於90%之收入與經營業績在香港產生及大部份的分項資產是處於香港。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
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32. BANKING FACILITIES AND PLEDGE OF ASSETS

Aggregate banking facilities of the Group as at 31st December 2003 amounted to approximately HK\$130 million (2002: approximately HK\$630 million) of which the unused facilities as at the same date amounted to approximately HK\$130 million (2002: approximately HK\$590 million). These facilities were secured by approximately HK\$120 million (2002: HK\$592 million) non-trading securities held by the Group and corporate guarantee issued by the Company.

33. SUBSEQUENT EVENTS

- (a) Reference is made to the joint announcements made by International Bank of Asia Limited ("IBA") and Fubon Financial Holdings Co., Ltd ("Fubon") dated 8th September 2003 and 10th February 2004 and a composite document dated 16th February 2004 (the "Composite Document") issued jointly by IBA and Fubon to the shareholders of IBA in which document Fubon formally makes a general offer ("Offer") in respect of all the issued shares of IBA at a price of HK\$3.68 per share.

Having reviewed the Composite Document and the Company's strategy in the financial sector in both Hong Kong and China, the Company accepted the Offer on 8th March 2004 and sold its entire interest in IBA (the "Transaction"). Immediately prior to the completion of the Transaction, the Company (through its subsidiary) was holding 234,432,000 shares in IBA, representing 20% of the issued share capital of IBA. On the completion of the Transaction, the Company received cash in the sum of about HK\$862 million from the Transaction and will use the proceeds as its general working capital and for its future business development.

On the completion of the Transaction, IBA has ceased to be an associated company of the Company.

32. 銀行貸款額度及資產抵押

本集團於二零零三年十二月三十一日之銀行貸款額度約為港幣1.3億元(二零零二年:約港幣6.3億元),其中同日未用之貸款額度約為港幣1.3億元(二零零二年:約港幣5.9億元)。該等貸款額度由本集團持有之非交易證券約港幣1.2億元(二零零二年:港幣5.92億)作抵押及本公司作擔保。

33. 結算日後事項

- (a) 富邦金融控股股份有限公司(「富邦」)及港基國際銀行有限公司(「港基銀行」)於二零零三年九月八日及二零零四年二月十日,聯名發出公告,及於二零零四年二月十六日聯名發出綜合文件(「綜合文件」)。富邦於綜合文件中正式向港基銀行之股東提出以每股港幣3.68元全面收購港基銀行股份之建議(「收購建議」)。

經參考該綜合文件,並考慮本公司於香港及中國之金融業務策略,本公司已於二零零四年三月八日接納富邦提出之收購建議,出售其於港基銀行之全部股份(「出售交易」)。於完成出售交易前本公司透過附屬公司持有港基銀行股份234,432,000股,佔港基銀行已發行股份約20%。於完成出售交易後,本公司收取現金約港幣8.62億元以作為其營運資金及日後業務發展用途。

完成出售交易後,港基銀行已不再成為本公司之聯營公司。

NOTES TO THE ACCOUNTS (Continued)

賬目附註 (續)

For the year ended 31st December 2003
截至二零零三年十二月三十一日止年度

33. SUBSEQUENT EVENTS (Continued)

- (b) The Company as shareholder of Everbright Securities Company Limited (“Everbright Securities”) on 27th February 2004 entered into a promoters agreement (the “Promoters Agreement”) consenting to the proposed conversion of the net assets of Everbright Securities into the share capital of a jointly stock company, Everbright Securities Joint Stock Company Limited (“ES Joint Stock”) and the subsequent share capital enlargement thereof (hereinafter collectively referred to as “Proposed Capital Restructuring”).

Pursuant to the Proposed Capital Restructuring, Everbright Securities will convert its net assets into the share capital of ES Joint Stock and thereafter 4 proposed new shareholders (the “Proposed New Shareholders”) will together invest RMB220,000,000 in cash in ES Joint Stock. According to the Promoters Agreement, the net assets of Everbright Securities valued at 30th June 2003 will be capitalised as the share capital of ES Joint Stock on a 1:1 basis (i.e. for every RMB1.00 of net assets of Everbright Securities, it will be converted into RMB1.00 of the share capital in ES Joint Stock).

According to the accounting standards in the PRC, upon completion of the Proposed Capital Restructuring, the share capital of ES Joint Stock will be RMB3,048,090,000 and the Company’s interest in ES Joint Stock will then be diluted from 49% to 45.46% and ES Joint Stock will continue to be an associate of the Company.

An application has been made on 27th February 2004 by Everbright Securities to China Securities Regulatory Commission and Ministry of Commerce of China for approval of the Proposed Capital Restructuring. There is however no guarantee that such approval will be obtained or the Proposed Capital Restructuring will eventually be completed.

34. APPROVAL OF ACCOUNTS

The accounts (on pages 43 to 118) were approved by the Board of Directors on 30th March 2004.

33. 結算日後事項 (續)

- (b) 本公司已於二零零四年二月二十七日以股東身份簽署一份發起人協議(「發起人協議」),同意光大證券有限責任公司(「光大證券」)擬將其淨資產轉換為一家名為光大證券股份有限公司(「光証股份」)的股份公司之股份,及於改變為股份有限公司後增資擴股(上述安排以下統稱為「建議股份重組」)。

光大證券擬通過有關建議股份重組,將其淨資產轉換成光証股份的資本金,並引進四家新股東(「建議新股東」),投資現金人民幣2.2億元於光証股份。根據有關發起人協議,光大證券的淨資產將會以二零零三年六月三十日的價值,以1:1的比例轉為光証股份的資本金(即是每人民幣1元的光大證券淨資產轉為面值人民幣1元的光証股份的股份)。

根據中國會計準則,完成建議股份重組後,光証股份之總股本為人民幣3,048,090,000元,而本公司於光証股份權益將由49%被攤薄至45.46%,光証股份將繼續成為本公司之聯營公司。

光大證券已於二零零四年二月二十七日就此建議股份重組向中國證券監督管理委員會及中國商務部提出申請,但是不能保證有關建議股份重組最終會獲得批准或一定可以完成。

34. 賬目批准

本年度賬目於第43至118頁已於二零零四年三月三十日由董事會批准。